Supreme Court, U.S.
FILED
JUL 25 2006
OFFICE OF THE CLERK

No. 05-1336

IN THE

Supreme Court of the United States

ATHLETIC ALTERNATIVES, INC.,
Petitioner,

v.

BENETTON TRADING USA, INC.,
Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1. Whether Athletic Alternatives, Inc. Was Improperly Denied Its Constitutional Right under the Seventh Amendment to a Civil Jury Trial.

2. Whether a Trial Attorney Substituting His Research, Analysis, and Opinion for that of an Expert Witness Violates Rule 26, Federal Rules of Civil Procedure, or Whether Scripting an Expert's Testimony Verbatim Violates Federal Rules of Evidence 602, 702, and/or 703.

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

Petitioner in this case is Athletic Alternatives, Inc. ("AAI"). AAI has no parent corporation, and no publicly held company owns ten percent or more of its stock.

Respondent is Benetton Trading USA, Inc. ("Benetton"), formerly known as Benetton Sportsystem USA, Inc., and successor in interest to Prince Manufacturing, Inc.

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REPORTS OF OPINIONS

The opinion of the Federal Circuit, *Athletic Alternatives, Inc. v. Benetton Trading USA, Inc.*, No. 05-1378 (Fed. Cir. 2006), is unreported and is reproduced at page 1a of the Appendix to the Petition ("Pet. App.").

The order of the District Court, *Athletic Alternatives, Inc. v. Benetton*, CIV 98-1953-PHX-MHM (3/31/05), is unreported and is reproduced at Pet. App. 10a.

The order of the District Court denying AAI's Motion for Jury Trial is unreported and is reproduced at Pet. App. 39a.

Athletic Alternatives, Inc. v. Prince Manufacturing, Inc., 73 F.3d 1573 (Fed. Cir. 1996), is reported and reproduced at Pet. App. 86a.

GROUNDS ON WHICH JURISDICTION IS INVOKED

1. The Arizona District Court had subject matter jurisdiction under 28 U.S.C. §§ 1331, 1338(a) and (b). Its judgment was entered on March 31, 2005.

2. On appeal, the Federal Circuit Court of Appeals had jurisdiction pursuant to 28 U.S.C. § 1295. The judgment of the Federal Circuit Court of Appeals was entered on March 31, 2006.

3. A Petition for Rehearing was timely filed, and it was denied by the Federal Circuit Court of Appeals on April 26, 2006. A copy of the Order denying rehearing appears at Pet. App. 49a.

4. This Court has jurisdiction to review the judgment by writ of certiorari pursuant to 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Seventh Amendment of the Constitution provides:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

U.S. Const. amend. VII.

The Federal Rules of Civil Procedure provide, in pertinent part:

> (2) Disclosure of Expert Testimony
>
> (A) In addition to the disclosures required by paragraph (1), a party shall disclose to other parties the identity of any person who may be used at trial to present evidence under Rules 702, 703, or 705 of the Federal Rules of Evidence.

(B) Except as otherwise stipulated or directed by the court, this disclosure shall, with respect to a witness who is retained or specially employed to provide expert testimony in the case or whose duties as an employee of the party regularly involve giving expert testimony, be accompanied by a written report prepared and signed by the witness. The report shall contain a complete statement of all opinions to be expressed and the basis and reasons therefor; the data or other information considered by the witness in forming the opinions; any exhibits to be used as a summary of or support for the opinions; the qualifications of the witness, including a list of all publications authored by the witness within the preceding ten years; the compensation to be paid for the study and testimony; and a listing of any other cases in which the witness has testified as an expert at trial or by deposition within the preceding four years.

Rule 26(a)(2), Federal Rules of Civil Procedure.

(a) Right Preserved. The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate.

(b) Demand. Any party may demand a trial by jury of any issue triable of right by a jury by (1) serving upon the other parties a demand therefor in writing at any time after the commencement of the action and not later than 10 days after the service of the last pleading directed to the issue, and (2) filing the demand as required by Rule 5(d). Such demand may be indorsed upon a pleading of the party.

(c) Same: Specification of Issues. In the demand a party may specify the issues which the party wishes so tried; otherwise the party shall be deemed to have demanded trial by jury for all the issues so triable. If the party has demanded trial by jury for only some of the issues, any other party within 10 days after service of the demand or such lesser time as the court may order, may serve a

demand for trial by jury of any other or all of the issues of fact in the action.

(d) Waiver. The failure of a party to serve and file a demand as required by this rule constitutes a waiver by the party of trial by jury. A demand for trial by jury made as herein provided may not be withdrawn without the consent of the parties.

Rule 38, Federal Rules of Civil Procedure.

(b) By the Court. Issues not demanded for trial by jury as provided in Rule 38 shall be tried by the court; but, notwithstanding the failure of a party to demand a jury in an action in which such a demand might have been made of right, the court in its discretion upon motion may order a trial by a jury of any or all issues.

Rule 39(b), Federal Rules of Civil Procedure.

The Federal Rules of Evidence provide, in pertinent part:

A witness may not testify to a matter unless evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter. Evidence to prove personal knowledge may, but need not, consist of the witness' own testimony. This rule is subject to the provisions of rule 703, relating to opinion testimony by expert witnesses.

Rule 602, Federal Rules of Evidence.

If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliably principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.

Rule 702, Federal Rules of Evidence.

> The facts or data in the particular case upon which an expert bases an opinion or inference may be those perceived by or made known to the expert at or before the hearing. If of a type reasonably relied upon by experts in the particular field in forming opinions or inferences upon the subject, the facts or data need not be admissible in evidence in order for the opinion or inference to be admitted. Facts or data that are otherwise inadmissible shall not be disclosed to the jury by the proponent of the opinion or inference unless the court determines that their probative value in assisting the jury to evaluate the expert's opinion substantially outweighs their prejudicial effect.

Rule 703, Federal Rules of Evidence.

INTRODUCTION

On October 28, 1998, Athletic Alternatives, Inc. ("AAI") sued Prince Manufacturing, Inc., which became Benetton Trading USA, Inc. ("Benetton") during the litigation, for patent infringement, breach of contract, and unfair competition. Federal jurisdiction was based on 28 U.S.C. §§ 1331, 1338(a) and (b). On the same date, AAI filed a timely jury demand with the district court. Pet. App. 55a. On July 2, 1999, AAI and Benetton filed a Joint Proposed Case Management Plan wherein both parties acknowledged that the case would be tried to a jury. Pet. App. 66a.

Following several years of discovery, motions practice and a *Markman* hearing, and more than four years after acknowledging that the case would be tried to a jury, Benetton moved to strike the jury demand on the grounds it was not formally served with a copy of the demand. Benetton did not allege that it was not aware a jury was demanded or that it was prejudiced. It did not suggest that the district court was unaware of or unprepared for a jury trial. Its sole argument

was that AAI did not have a right to a jury because the demand had not been "served," in accordance with Rule 38(b), Federal Rules of Civil Procedure.

In response, AAI objected and also made a formal motion for a jury trial. *See* Rule 39(b), Federal Rules of Civil Procedure. Because it originally had completed service of process by asking Benetton's counsel to accept service, and because five years had passed since that event occurred, AAI was unable to prove that a demand had been "served." In the context of moving for a jury trial, AAI pointed out the lack of prejudice to Benetton and AAI submitted undisputed evidence that it did not intend to waive its right to a jury.

The district court denied AAI's motion, and denied a jury trial. Pet. App. 39a. The case was tried to the bench. The district court made findings of fact, including a finding that Benetton's expert was credible even though Benetton's lead trial counsel, who is also one of Benetton's patent attorneys, did the work that formed the basis for the expert's report, authored the expert's analysis and opinions word-for-word, and scripted the expert's trial testimony, including the questions to which the expert was instructed to claim that he "could not recall" the answer. That same expert admitted he had no knowledge of and was not an expert on certain topics in the report, such as reasonable royalties.

Relying largely on Benetton's expert, the district court found that Benetton's tennis rackets did not infringe the AAI patent, and made other findings related to Benetton's patent defenses, such as indefiniteness. The Federal Circuit, bound by the deference typically afforded the trier of fact on credibility determinations simply affirmed. The Federal Circuit reversed, in part, finding that AAI's patent claims were not invalid for indefiniteness—a conclusion that was inconsistent with other portions of the Federal Circuit's analysis, but one that is not directly challenged in this Petition.

STATEMENT OF THE CASE AND FACTS

On October 28, 1998, AAI sued for infringement of U.S. Patent No. 5,197,731 ("the '731 patent"), breach of contract, and unfair competition in the United States District Court for the District of Arizona and filed a timely jury demand with the complaint. Pet. App. 55a.

The parties had been in litigation almost continuously since January 1992, when AAI sued Benetton (then known as Prince Manufacturing, Inc.) in the United States District Court for the District of Arizona (CIV-92-0176-PHX-RGS), for infringement of an earlier (parent) patent. On April 23, 1993, Prince sued AAI seeking a declaratory judgment of non-infringement and invalidity with respect to the '731 patent, which was a continuation of the parent patent (CIV93-765-PHX-RGS). Those cases were consolidated on July 6, 1993. The district court granted summary judgment of non-infringement for Prince as to the parent patent on June 29, 1994. The judgment was affirmed on appeal to the Federal Circuit on January 11, 1996. *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573 (Fed. Cir. 1996). Pet. App. 86a.

The declaratory judgment action was dismissed without prejudice because in 1996, AAI requested a reexamination of the '731 patent. On July 30, 1998, the Board of Patent Appeals and Interferences reversed a prior examiner's rejection of some claims during the reexamination process, and on October 13, 1998, the Patent and Trademark Office issued a reexamination certificate, which included new claims. AAI filed the instant action involving the '731 patent shortly thereafter.

A *Markman* hearing was held on January 25, 2002, and the district court issued its claim construction on March 29, 2002. For the first time, on December 3, 2003, over five years after the complaint and jury demand had been filed, Benetton moved to strike the jury demand. Although Benetton had

actual notice of the jury demand, it claimed the demand was never "served." Because service occurred through counsel's acceptance of service, AAI did not have proof as to whether the demand was actually served or not. In response to the motion to strike the jury demand, AAI argued that it made a timely demand for a jury trial and that it never intended to waive its constitutional right to a jury. AAI also moved for a jury trial under Rule 39(b), Federal Rules of Civil Procedure.

The district court ruled that AAI had waived its constitutional right to a jury trial when it failed to serve its demand on Benetton in a timely manner, relying on the holding in *Zivkovic v. S. Cal. Edison Co.*, 302 F.3d 1080, 1083 (9th Cir. 2002), to the effect that the failure to make a timely jury demand when the failure to make the demand results from oversight or inadvertence constitutes an absolute waiver of a jury trial in a civil action.

A bench trial was held from July 13 to July 15, 2004 and September 14 to September 16, 2004. At the trial, Benetton presented an "expert," Stephen J. Davis ("Davis"), to testify on numerous issues pursuant to Federal Rules of Evidence 702 and 703. In reality, Davis was the tennis racket designer who created the infringing rackets for Benetton after being given access to AAI's ideas and prototypes (which embodied inventions claimed in the '731 patent) under the terms of a confidentiality agreement between Benetton and AAI, in 1990.[1]

The district court issued its judgment and findings of fact and conclusions of law on March 31, 2005 and found in favor of Benetton. Pet. App. 10a. The district court found that the Benetton rackets did not infringe the '731 patent based on Davis' testimony that disputed strings were anchored in the

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[1] The undisputed testimony at trial was that Benetton, prior to the disclosures by AAI, had nothing like the infringing design "on its drawing board."

"corners" (as opposed to the "sides") of the racket frame, taking them out of the reach of the '731 patent claims. It also, based on Davis' testimony, upheld Benetton's affirmative defense of indefiniteness. The credibility findings and the findings of fact in support of finding non-infringement would have been and should have been within the province of a jury.

The Appellate Court reviewed the findings of fact for clear error, and affirmed those findings because it could not find clear error in the district court's factual determinations. Pet. App. 4a. The Appellate Court also affirmed the district court's denial of AAI's request for a jury trial. It reversed on indefiniteness. AAI filed a Petition for Rehearing which was denied on April 26, 2006. Pet. App. 49a.

SUMMARY OF ARGUMENT

This Court should accept review and hold that a civil litigant's constitutional right to a jury trial under the Seventh Amendment of the Constitution cannot be waived by a failure to serve notice through inadvertence or oversight, at least when the opposing party and the district court are aware that a jury trial has been requested. The constitutional right to a jury trial is one of this country's core values and it can only be waived knowingly and intelligently. Additionally, the Court should give direction to trial judges and the bar in general to the effect that Rule 26 and the Rules of Evidence require that experts formulate their own opinions and write their own reports, and require that lawyers not script an expert's testimony.

ARGUMENT

I. THE SUPREME COURT SHOULD REVIEW THESE ISSUES ON A WRIT OF CERTIORARI.

With respect to the limited, but important, issues raised herein, the Supreme Court should review the opinion below.

First, as to the jury trial right, there are directly conflicting Circuit opinions and standards applied to a party's Seventh Amendment right to a jury trial. In addition, the law is applied inconsistently in the lower courts and it is at least partially in conflict with dictates of the U.S. Supreme Court. *See* Supreme Court Rule 10(a). In addition, the Circuit courts have routinely decided this important question of federal law that has not been, but should be, settled by this Court. *See* Supreme Court Rule 10(c).

The question is generally: Can a party be forced to forfeit its Seventh Amendment right to have a jury decide the merits of its claim, where a timely demand for jury trial was filed with the district court, and the court and the parties clearly understand a jury trial was requested, and where no deliberate waiver was made? This issue is of great significance, and is particularly timely because this Court has not addressed that issue in light of the renewed recognition of the importance of the jury's role and function, as discussed *inter alia*, in *Blakely v. Washington*, 542 U.S. 296 (2004).

As to the second issue involving the proper role of trial counsel in crafting an expert's opinion and scripting (or not) testimony word-for-word, this is an important question of federal law that has not been, but should be, settled by this Court. *See* Supreme Court Rule 10(c). The fact that a district court could condone the practices exhibited in this case, and be upheld by the Federal Circuit, apparently lacking a standard by which to measure and reject the practices and testimony, demonstrates the potential importance of guidance from this Court.

II. AAI'S CONSTITUTIONAL RIGHT TO A JURY TRIAL SHOULD HAVE BEEN UPHELD.

A. Conflict Exists Among Circuit Courts of Appeal.

AAI filed a timely demand for a jury trial. Pet. App. 55a. Due to the passage of time (over five years until Benetton objected to it) and the fact that the complaint was served informally through an acceptance of service, whether the demand was actually "served" on Benetton could not be determined. However, as of July 2, 1999, the parties had stipulated and the district court was aware that a jury trial had been demanded. Pet. App. 66a. Benetton then waited another four years to object to a jury trial.[2] At that time, in opposition to Benetton's motion, AAI moved for a jury trial.[3] To the extent Ninth Circuit authority supported the district court's denial of AAI's right to a jury, at a minimum, the Ninth Circuit is in conflict with the Tenth Circuit.

Tenth Circuit authority, as one example, routinely requires that a district court's discretion be exercised in favor of granting a jury trial.[4] The standard is expressed as "in the

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[2] Benetton's Motion to Strike Athletic Alternative, Inc.'s Demand for Jury Trial was filed on December 3, 2003.

[3] AAI filed "AAI's Response in Opposition to Motion to Strike Athletic Alternative, Inc.'s Demand for Jury Trial" and its "Motion for Jury Trial" (combined as a single document) on December 22, 2003.

[4] Other Circuits have adopted standards similar to the Tenth Circuit. For example, the Fifth and Eleventh Circuits both require "strong and compelling" reasons to deny a jury and use a five factor test. *See, e.g., Bezzard v. Securitas Security USA, Inc.*, 2006 U.S. Dist. LEXIS 36383 (E.D. Ark. 2006). Although some of the Circuits give weight to "inadvertence" in failing to request a jury, there was no inadvertence by AAI in demanding a jury trial. At most, there was late formal notice to Benetton—although Benetton knew of the demand and stipulated to it within nine months of the demand having been filed. According to the *Bezzard* court, the "Eighth Circuit has not established a particular standard to be applied to Rule 39(b)." *Id.*

absence of 'strong and compelling reasons to the contrary,'" even an untimely request for a jury should be granted. *Green Const. Co. v. Kansas Power & Light Co.*, 1 F.3d 1005, 1011 (10th Cir. 1993); *AMF Tuboscope, Inc. v. Cunningham*, 352 F.2d 150, 155 (10th Cir. 1965).

This standard is consistent with dictates of this Court in other contexts. *E.g.*, *Hodges v. Easton*, 106 U.S. 408, 412 (1882) ("[T]he trial by jury is a fundamental guarantee of the rights and liberties of the people. Consequently, every reasonable presumption should be indulged against its waiver.").

The Tenth Circuit test is in sharp contrast to the Ninth Circuit standard.

> The district court, in its discretion, may order a jury trial on a motion by a party who has not filed a timely demand for one. . . . That discretion is narrow, however, and does not permit a court to grant relief when the failure to make a timely demand results from an oversight or inadvertence. [Citations omitted.] An untimely request for a jury trial must be denied unless some cause beyond mere inadvertence is shown.

Pacific Fisheries Corp. v. H.I.H. Cas. & Gen. Ins., Ltd., 239 F.3d 1000, 1002 (9th Cir. 2001), *cert. denied*, 534 U.S. 944 (2001). The Federal Circuit standard for safeguarding the constitutional role of the jury appears to be more consistent with the Tenth Circuit,[5] but the Federal Circuit applied Ninth Circuit law to the issue on appeal below.

In this case, Benetton offered no "strong and compelling" reasons to deny a jury, and the district court found none. Pet. App. 48a. Additionally, not even a small degree of prejudice to Benetton could be found to justify denial of the constitutional right to a jury determination. Even if the district court and Federal Circuit were correct in finding that the jury

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[5] *See, e.g.*, *Cabinet Vision v. Cabinetware*, 129 F.3d 595, 600 (Fed. Cir. 1997).

demand was not timely served, and that the failure to do so was the result of inadvertence or oversight, based on AAI's motion for jury trial, its constitutional rights would have been upheld in the Tenth Circuit, but denied in the Ninth Circuit. It is respectfully submitted that such disparity is, in itself, unconstitutional.

The conflict in Ninth Circuit precedent, to the extent it supports the district court's ruling, compels a fundamental denial of due process that is not found in other districts[6] or Circuits. For example, in *Megadyne Med. Prods. v. Aaron Med. Industries*, 170 F.R.D. 28 (D. Utah 1996), on facts less compelling than those of AAI's case, the district court granted plaintiff's motion for a jury trial. In *Megadyne*, plaintiff had not even filed a jury demand, let alone served one. And, neither the defendant nor the court had any reason to anticipate a jury trial. Thus, the plaintiff in *Megadyne* was in a much *less* compelling position than AAI (which did file a timely jury demand and where both the court and Benetton knew a jury was requested). Nonetheless, relying on what it viewed as clear Tenth Circuit precedent, the district court felt compelled to grant the motion for jury trial. *Id.* at 28-29. The only real similarities to AAI's case are that *Megadyne* was also a patent infringement case, and the defendant, like Benetton here, was unable to show any prejudice resulting from allowing the jury to serve its historical and constitutional role.

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[6] Even in the Ninth Circuit, some district courts do not apply the apparent standard. *See, e.g., Northland Comm. Corp. v. MTV Networks*, 2006 U.S. Dist. LEXIS 13299 (W.D. Wash. 2006). It should be noted that the facts in *Northland Comm.* were very similar to those *sub judice*, but the result diametrically different.

B. The Jury Trial Right Is of Historical and Systematic Importance.

The Seventh Amendment to the United States Constitution guarantees the right to a jury trial in civil actions. That right applies to a patent holder's claims of unlawful infringement. *Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 n.10 (Fed. Cir. 1996), *cert. denied*, 520 U.S. 1228 (1997). The right to a trial by jury in a civil case is too important a constitutional right to be cast aside for a procedural technicality, especially when timely demand was made, the parties knew it was requested, and AAI never intended to waive its constitutional right to a civil jury trial. A declaration to that effect was attached to AAI's Motion for Jury Trial, as Exhibit A. In refusing to reverse the district court's ruling on waiver, the Federal Circuit appeared to ignore its own rule that a waiver requires "that the party waiving such right do so 'voluntarily' and 'knowingly' based on the facts of the case." *Seaboard Lumber Co. v. United States*, 903 F.2d 1560, 1563 (Fed. Cir. 1990), *cert. denied*, 499 U.S. 919 (1991).

The district court and the Federal Circuit also disregarded the fact that regardless of any technical shortcomings, AAI's Demand for Jury Trial had *completely* fulfilled the purpose of Rule 38(b): "to inform the court and opposing counsel that certain issues will be tried to a jury." *See Lutz v. Glendale Union High School*, 403 F.3d 1061, 1065 (9th Cir. 2005). In this case, the court and opposing counsel knew of the desired trial method at least five years before trial.

Historically, the right to a civil jury has been one of the most prized and accepted of all those in the Bill of Rights and is at the core of our governmental process. It was included in the original Jamestown charter of 1607, and by 1776, all thirteen colonies protected the right in some form. *In Our Defense* (1991), p. 276. The debate at the Philadelphia convention over whether to add it to a Bill of Rights was trig-

gered when George Mason picked up on a casual comment from another delegate that "no provision was yet made for juries in civil cases." *See The Records of the Federal Convention of 1787*, at 587-88 (Max Farrand rev. ed. 1937); A. Amar, *The Bill of Rights*, at 83 (1998). Juries are guaranteed in no fewer than four parts of the Constitution: Article III (criminal jury); the Fifth Amendment (grand jury); the Sixth Amendment (the criminal petit jury); and the Seventh Amendment (the civil jury).

The Founding Fathers believed the jury, in both civil and criminal proceedings, played a leading role in protecting ordinary individuals against the government. One Anti-Federalist wrote, "Judges, unencumbered by juries, have been ever found much better friends to government than to the people;" and jurors were described as "centinels and guardians" of "the people." A. Amar, *The Bill of Rights*, at 84.

The jury provided a link between the governed and the government, whereby the governed could participate in the findings as to both law and fact, and judicial proceedings. The Jamestown charter of 1607 has been interpreted as granting jury trials, and by 1624, the option of the civil and criminal case jury was unquestioned in Virginia. *See Broshings Institute Verdict: Assessing the Civil Jury System* (R. Lipman ed. 1993); S. Landsman, *The History and Objectives of the Civil Jury System*, p. 32. The Massachusetts Bay Colony introduced juries in 1628, and they were codified in Massachusetts as early as 1641.

In the later part of the 18th century, the British began to enact various laws that denied colonists jury trials in matters such as seizure of vessels. What followed in the 1760s and 1770s was a series of confrontations ultimately resulting in the Stamp Act Congress of 1765, which concluded in part, "trial by jury is an inherent and invaluable right of every British subject on these colonies." S. Landsman, *The History*

and Objectives of the Civil Jury System, p. 35. In England, Blackstone commented in 1783,

> [A] competent number of sensible and upright jury men, chosen by lot from among those of the middle rank, will be found the best investigators of truth, and the surest guardians of public justice. For the most powerful individual in the state will be cautious of committing any flagrant invasion of another's right, when he knows that the fact of his oppression must be examined and decided by twelve indifferent men, not appointed till the hour of trial; and that, when once the fact is ascertained, the law must of course redress it. This therefore preserves in the hands of the people that share which they ought to have in the administration of public justice, and prevents the encroachments of the most powerful and wealthy citizens.

Blackstone's Commentaries on the Law, 689-90 (B. Gavit ed. 1941).

Blackstone recognized that the jury had taken on much more than simply adjudicating disputes, it stood as the bastion of equality and protection against oppression by the government. So when the Continental Congress was debating the merits of free America, it was essential to them and to the administration of justice, that there be the use of juries in both civil and criminal trials. Many of the colonists would not have approved the Constitution but for the presence of the jury guarantees as found in Article III and three amendments to the Constitution.

Thomas Jefferson observed, "Were I called upon to decide whether the people had best be omitted in the Legislative or Judicial department, I would say it is better to leave them out of the Legislative." Letter from T. Jefferson to L'Abbe Arnowx (July 19, 1789), reproduced in *15 The Papers of Thomas Jefferson*, 282, 283 (Julian Boyd ed. 1958). And in the same vein, the Maryland Farmer defined the jury as "the democratic branch of the judiciary power – more necessary

than representatives in the legislature." *Essays by a Farmer (IV) The Complete Anti-Federalist*, at 36 (Herbert J. Storing ed. 1981).

Alexander Hamilton in writing about the American experience and the Constitution stated,

> For my own part, the more the operation of the institution [jury] has fallen under my observation, the more reason I have discovered for holding it in the highest estimation; and it would be altogether superfluous to examine to what extent it deserves to be esteemed useful or essential in representative republics, or how much more merit it may be entitled to, as a defense against the oppressions of an hereditary monarchy, and as a barrier to the tyranny of popular magistrates in a popular government. Discussions of this kind would more be curious than beneficial as all are satisfied of the utility of the institution, and of its friendly aspect to liberty.

W. Heart, *Long Live the American Jury*, p. 3 (1964).

Juries were not viewed simply as a method of government by the people, but were viewed as a protective system against the government. As Tocqueville observed,

> The institution of the jury . . . places the real direction of society in the hands of the governed, . . . and not in that of the government . . . . The jury system as it is understood in America appears to me to be as direct and as extreme a consequence of the sovereignty of the people as universal suffrage.

Alexis de Tocqueville, *Democracy in America*, 293-94 (Phillips Bradley ed. 1945). To understand the reverence to which we now hold the jury, it should be appreciated that to the Founding Fathers, there was little doubt that the very essence of democracy was that it included the right to a jury trial in civil and criminal cases. Juries disseminate information to the public, empower the public over the laws, and empower the public over the institution of government. The

institution of the jury was an essential component and a core component of our founding principles.

Never during the first 150 years of the republic does it appear that there was a challenge to the right to trial by jury, or even, for all practical purposes, to the extent of the jury right. Fundamentally, the jury is, in Tocqueville's phrase, a political institution, not a procedural one. Alexis de Tocqueville, *Democracy in America*, 273, 728 (Mayer ed. 1969). It exists to promote democracy for the jurors, not efficient adjudication for the parties. The U.S. Supreme Court has echoed this Tocquevillian vision, analogizing voting and jury service. *See, e.g., Blakley v. Washington*, 542 U.S. 296 (2004); *Edmonson v. Leesville Concrete Co.*, 500 U.S. 614, 625-26 (1991); *Powers v. Ohio*, 499 U.S. 400, 406-8 (1991).

The massive, complex litigation following the breakup of AT&T prompted one judge to write, "[The jury] includes an engineer, a hearing system designer, an accountant, a purchasing agent, an aircraft mechanic, a chemist, a bank loan officer, a secretary, a housewife, a clerk, and a college employee . . . . It is at least doubtful that the experiential background of any judge could match that of this particular jury." *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1128 (Fed. Cir. 1985)(additional views of Markey, CJ).

In ruling that AAI had waived its right to a jury trial, the district court mechanically applied a technical procedural "rule" while ignoring both the importance of the constitutional right to a jury trial and the absence of *any* evidence supporting an actual waiver by AAI. The district court ignored the legislatively mandated policy of ensuring AAI's right to a jury trial. *See, e.g.*, 28 U.S.C. §1861 ("It is the policy of the United States that all litigants in federal courts entitled to trial by jury shall have the right to . . . juries selected at random from a fair cross section of the community . . . .").

In the jointly filed Case Management Plan, Pet. App. 57a, both parties acknowledged that a jury trial was demanded. Benetton's motion and memorandum to strike the jury demand did not offer any evidence that it was ever unaware of the demand, and Benetton did not allege any prejudice it would endure if a jury trial was allowed.

In the Federal Circuit (and the U.S. Supreme Court), for patent cases, the Court's discretion "'must, whenever possible, be exercised to preserve jury trial.'" *E.g.*, *Cabinet Vision v. Cabinetware*, 129 F.3d 595, 600 (Fed. Cir. 1997). "[A] court must indulge every reasonable presumption against a finding of waiver" and "ambiguity should be resolved against inferring waiver." *Id.* at 601.

Although Rule 38(b) is procedural, the constitutional right to a trial by jury can hardly be described as a "mere procedural right." *See, e.g.*, *Blakley v. Washington*, 542 U.S. 296 (2004) (The right of jury trial "is no mere procedural formality, but a fundamental reservation of power in our constitutional structure. Just as suffrage ensures the people's ultimate control in the legislative and executive branches, jury trial is meant to ensure their control in the judiciary."). Although *Blakley* arose in a criminal context, much of its reasoning and its historical background apply to the Seventh Amendment as well as the Sixth Amendment. There is no idea more central to our Bill of Rights than the concept of the jury. The deepest constitutional function of the jury is to serve the people by involving them in the administration of justice and the project of democratic self-government. Over the years, the short-term convenience of litigants occasionally has won out against the long term values of public education and participation.

In this case, a jury trial was demanded, and a notice was filed with the district court. Pet. App. 55a. Had this case been in the Tenth Circuit (or likely the Fifth, Eighth, or Eleventh), AAI would have been allowed a jury trial.

Because its claims were not decided by a jury, the case should be remanded for a new trial.

III. FEDERAL RULE OF CIVIL PROCEDURE 26(A)(2)(B) AND FEDERAL RULES OF EVIDENCE 602, 702, AND 703 DO NOT PERMIT TRIAL COUNSEL TO ACT AS A TESTIFYING EXPERT, PREPARE THE EXPERT REPORT, AND SCRIPT THE EXPERT TESTIMONY.

A. Details on What Went Wrong Below.

Benetton's "expert" was the same person who had designed the infringing rackets. That self-interest was not the real problem, however. As proven at trial, Davis did not formulate his own opinions or prepare his own report. Rather, the opinions were those of the trial attorney, who had done the research, collected the data, and articulated the analysis reflected in the report. The district court acknowledged that the expert's credibility was "significantly clouded" by counsel's "extensive involvement" (Pet. App. 33a) in the preparation of the report, but nevertheless, for unstated reasons, favored the expert's testimony over that of AAI's expert, who was duly qualified and about whose testimony the court did not note any serious credibility issues.

Prior to trial, Benetton also identified Davis as its damages expert. At Davis' deposition, he testified that he was not an expert on damages, he was not aware that he was being held out as an expert on damages, he did not know anything about damage theories, and he had not prepared the damages report, although he had signed his name to it. The damages section of the report (just like the infringement and invalidity sections and prior declarations) had been prepared by Robert Smith ("Smith"), Benetton's patent lawyer and trial counsel.

Davis testified he was not an expert on determining reasonable royalty rates (a standard for measuring damages in a patent case), had never been held out by anyone as an expert

on reasonable royalty rates and had never given an expert opinion prior to this litigation on the subject. It appeared that Davis did not even read the report before he signed it or he had been willing to sign whatever Smith provided to him, without scrutiny or independent analysis.

Thus, it was established at trial that Smith prepared all expert reports and declarations, all expert opinions, and listed Davis as the damages expert without consulting Davis or even determining whether Davis had such expertise. In fact, when Davis signed the report, which discussed royalty rates based upon hypothetical negotiations, he was not even aware of the definition of hypothetical negotiations or how they applied to the issue of damages. At trial, Davis testified that he was not aware of any of the case law in the United States dealing with damages in patent cases or the factors to be used to determine reasonable royalty rates. In short, Davis did not formulate his own opinions but merely parroted those of Smith.

The twenty-four page expert report also contained opinions on infringement and other patent issues, all written by Smith. Davis admitted on cross-examination that he had only spent two to three hours reviewing the report before he signed it. Yet, a cursory review of the report demonstrates that it would take considerably more than two or three hours to digest and understand its contents much less do what it professes was done by Davis in formulating the opinions in the report.

One specific example of opinions that were formulated by Smith and not Davis is found in the section on racket comparison. Davis testified on direct examination that he had compared the claims under the '731 patent with a Gamma Accura tennis racket and a Mizuno Reactor GTX racket for the benefit of the report. At first, he testified he had done the comparison recently. However, Davis was later forced to admit that he had not seen a Gamma Accura tennis racket for at least eight years prior to his trial testimony, much less done

a comparison for the report. Additionally, Davis reviewed the four declarations that he had made in litigation with AAI over a period of ten years and was unable to find any analysis that he had ever done comparing the Gamma Accura with the claims of the '731 patent.

In fact, all the declarations that Davis signed had been researched and written by Smith and none of them mentioned the Gamma Accura or the Mizuno Reactor GTX. Smith had prepared the comparison on Claim 1 with the Mizuno Reactor GTX and the Gamma Accura and it was Smith who had purchased Gamma and Mizuno rackets within the past year, which were used to make the comparison. Davis had not seen either racket in the past six to eight years. Obviously, he would have needed to look at them to determine whether or not they were similar to Claim 1 under the '731 patent as he expressed in "his" report.

In the most egregious part of this manufactured and staged expert's presentation, Smith went so far as to script Davis' trial testimony. Prior to Davis' testifying at trial, he sat in the back of the courtroom going through papers for at least a day, while listening to AAI's expert testify. When he got on the witness stand, he testified that the document that he had been studying was to refresh his recollection. The district court ordered that he turn over the document because he was relying upon it to prepare for his testimony and refresh his recollection. When the document was turned over, it was a script for Davis' testimony that had been prepared by Smith. (It is attached at Pet. App. 68a.)

Davis understood that he was to answer the questions that he was asked on direct examination by Smith in the manner that Smith had written for him. To get a full sense of what happened in this case, the Court can look at that script because it not only scripted the answers, it advised Davis when he should claim that he could not remember. Among other things, Smith scripted Davis to tell the court that he

could not recall why he had filed a statutory invention registration that contains a staggered string idea, which was relevant in his assessment of obviousness, among other things. Pet. App. 70a.

In spite of all of these antics, the district court concluded that Davis was a "credible" witness. In truth, Davis was not objective or impartial; his opinions were drafted entirely by trial counsel; he had not reviewed, let alone formulated the opinions; he signed off on statements that were untrue and were unsupported by the facts. (This circumstance made it all the more important that a jury determine Davis' credibility, not the district court judge.)

B. The District Courts and Practicing Bar Need Guidance.

The district court's conclusions on the topic of this expert's credibility defy logic and common sense. A review of the evidence and lack of instructive case law demonstrates that district courts (and the bar) need clear direction on the appropriate roles of lawyers and experts since the district court is the gatekeeper on the issue of the admissibility (and to an extent, the reliability) of expert testimony. This case is an extraordinary one in that Benetton's expert was "caught" studying the script of questions and answers he was instructed to give during his testimony. *See* Pet. App. 22a.

Rule 26(a)(2)(A) provides that a party shall disclose to the other parties the identity of any person who may be used as an expert under Rule 702. The party must comply with Rule 26(a)(2)(B), which provides that the expert must prepare and sign a written report. Federal Rules of Evidence 702 and 703 provide that an expert may testify to his opinion, with certain limitations.

The issues presented in this case are whether it is acceptable for the trial attorney, who was a patent lawyer, to prepare the expert report, including the analysis and the

comparisons used to form the opinions in the report, and whether it is permissible for the trial attorney to write out the questions and answers for the expert, including telling the expert when to say that he can not remember things. That is exactly what happened in this case and the trial judge found the expert credible. AAI contends this process violated Federal Rule of Civil Procedure 26 and Federal Rules of Evidence 602, 702 and/or 703, and that the district courts need direction from this Court to the extent such practices are becoming more prevalent, especially in patent cases.

Rule 26 provides that the expert must be the author of his or her report. At trial and on appeal, Benetton argued that authorship of an expert report pursuant to Rule 26 is "irrelevant." The district court and the appellate court did not address the issue, but the district court permitted the report and found the expert credible, thus implicitly accepting Benetton's argument.

"Except as otherwise stipulated or directed by the Court, this disclosure [the expert report] *shall*, with respect to a witness who is retained or specially employed to provide expert testimony in the case or whose duties as an employee of the party regularly involve giving expert testimony, be accompanied by a written report *prepared* and signed *by* the witness . . . ." Rule 26(a)(2)(B), Federal Rules of Civil Procedure (emphasis added). Rule 26 requires that the report be prepared by the expert, not the lawyer. The Advisory Committee Notes to the 1993 Amendments to Rule 26(a)(2)(B) do not preclude counsel from providing assistance to experts in preparing the report,[7] but in this case, Smith did more than provide as-

[7] "Rule 26(a)(2)(B) does not preclude counsel from providing assistance to experts in preparing the reports, and indeed, with experts such as automobile mechanics, this assistance may be needed. Nevertheless, the report, which is intended to set forth the substance of the direct examination, should be written in a manner that reflects the testimony to be given by the witness and it must be signed by the witness."

sistance, he developed the opinions he wanted as an advocate at trial and wrote the report.

Additionally, Davis was held out as an expert in an area that he admitted to having no expertise. The report contained damages analysis. Notwithstanding Davis' admission that he was not an expert on damages, the district court allowed "his opinions." The inclusion of a damages opinion from Davis makes it abundantly clear that Smith, a patent lawyer, who has written patents for tennis rackets and acted as Benetton's patent counsel for over fifteen years, wrote every bit of the report and that Davis had not even read it with any meaningful scrutiny at the time he signed it.

Here, the patent and trial attorney prepared all the complex analysis, did the product comparisons and reviewed the historical patents and materials that were the basis of the report. The expert signed it and the district court found this practice acceptable. The appellate court refused to overturn the finding based on the highly deferential standard of review that it applies to witness credibility determinations, citing *Mass. Bay Transp. Auth. v. United States*, 254 F.3d 1367, 1376 (Fed. Cir. 2001). Thus, it is important for this Court to give clear direction to the lower courts in terms of the appropriate level of involvement for trial attorneys in the preparation and presentation of expert opinion.

In *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993), the Court charged trial judges with the responsibility of acting as gatekeepers to exclude unreliable expert testimony. *Kumho Tire Co. v. Carmichael*, 526 U.S. 137 (1999), clarified that the gatekeeper's function applies to all expert testimony, not just testimony based on science. Numerous cases have articulated factors to be considered and there is no one factor that is dispositive nor has there been any attempt to codify all the specific factors since this Court has said "that the trial judge must have considerable leeway in deciding in a particular case how to go about determining

whether particular expert testimony is reliable." *See Kumho Tire*, 526 U.S. at 152. Nonetheless, the Court should clarify that lawyers are not the experts and may not perform the expert's work, gather their data, prepare their reports and write their trial testimony.

CONCLUSION

For all of the foregoing reasons, AAI respectfully urges this Court to grant its Petition.

Respectfully submitted,

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APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

05-1378

ATHLETIC ALTERNATIVES, INC.,
Plaintiff-Appellant,

v.

BENETTON TRADING USA, INC.,
(formerly known as Benetton Sportsystem USA, Inc., and Successor in Interest to Prince Manufacturing, Inc.)
Defendant-Appellee.

DECIDED: March 31, 2006

Before MICHEL, *Chief Judge*, MAYER, and BRYSON, *Circuit Judges*.

PER CURIAM.

I

Athletic Alternatives, Inc., ("AAI") owns U.S. Patent No. 5,197,731 ("the '731 patent"), which is directed to a sports racquet having an interwoven string bed in which the ends of the strings are anchored in frame holes that lie alternately above and below the plane of the string bed. That configuration of string ends is referred to as "splay," and the distance between the holes above and below the plane is referred to as the splay distance or degree of splay. We *affirm in part* and *reverse in part*.

In 1990, AAI and Prince Manufacturing, Inc., to which Benetton Trading USA, Inc., is a successor in interest, entered into a confidentiality agreement regarding AAI's "Re-

demption Stringing System." Under that agreement, Prince and AAI shared ideas on racquet designs, but they ultimately failed to reach a mutually satisfactory licensing arrangement. Prince subsequently released its Vortex tennis racquet. The Vortex racquet contained cross strings (lateral strings) having two different degrees of splay, 2 millimeters in some portions of the racquet and 4.5 millimeters in other portions.

In 1992, AAI sued Prince for infringement of U.S. Patent No. 5,037,097 (the parent of the '731 patent) and trade secret misappropriation. Prince separately sued for a declaratory judgment of non-infringement and invalidity with respect to the '731 patent. Those two cases were eventually consolidated. The parties stipulated to a dismissal of AAI's trade secret misappropriation claim without prejudice, and to a stay of the declaratory judgment action involving the '731 patent. The district court then granted summary judgment of noninfringement of the '097 patent. On appeal from that judgment, this court affirmed. *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573 (Fed. Cir. 1996). In 1997, Prince sought and obtained a dismissal of its declaratory judgment claim without prejudice.

In 1996, AAI requested reexamination of the '731 patent. Claims 1 and 2 were initially rejected by the examiner as anticipated by prior art including French Patent No. 2,276,845 to Martel. On appeal, however, the Board of Patent Appeals and Interferences reversed the rejection, explaining that the Martel reference is silent as to the direction in which the opposite ends of a string are splayed. In response to the examiner's observation that whether string ends splay in opposite directions depends on whether there is an odd or even number of longitudinal main strings, the Board held that Martel does not inherently disclose a racquet with an even number of longitudinal strings and thus does not disclose all the limitations of the '731 patent.

Shortly thereafter, AAI filed the instant action. With respect to claims 1-2 and 8-9, the district court granted summary judgment for Prince, finding those claims obvious in light of the Martel prior art reference. The district court also dismissed AAI's claim for breach of contract, finding it barred by the statute of limitations. Following a bench trial, the court held that Prince's racquets do not infringe claim 3 and that claims 3-5 are invalid for indefiniteness.

II.

1. Claim 3 of the '731 patent requires that string ends anchored in "the sides of said frame . . . are splayed to a greater degree in the regions where the length of said ends is greater." As a matter of claim construction, the district court ruled that the quoted language "requires two or more splay distances along the sides of the racquet." AAI states that it does not challenge the district court's construction of claim 3. It argues, however, that the Vortex racquets infringe claim 3 because the sides of the Vortex racquets contain more than one splay distance. In particular, AAI asserts that at least one lateral string on each of the accused racquets (the "disputed string) is anchored in the "side" and has a splay distance of 2 millimeters, as opposed to the 4.5 millimeter splay distances of all the other strings anchored along the racquet's side.

In its *Markman* order, the district court observed that the written description and figures of the '731 patent characterize the racquet frame as being divided into a "tip," a "heel," two "sides," and four "corners," with the tip and heel separated from the sides by the corners. In its subsequent opinion, the court noted that Figure 8 indicates that the term "corners" refers to those portions of the racquet frame that contain both longitudinal and lateral strings, whereas the term "sides" refers to those portions that contain only lateral strings. The court also explained that the specification uses the term "corners" to mean "those regions . . . where it is 'desirable' to have 'minimal [splay distance]' to 'facilitate the stringing of

the racquet.'" *See* '731 patent, col. 8, ll. 39-44. The court concluded that claim 3, "in reference to the 'sides,' calls for increased splay in 'the regions where the length of said ends is greater.'" With respect to AAI's infringement argument, the court found that the disputed strings in the accused racquets are anchored in the corners, not the sides, and that the accused racquets therefore "have only a single degree of splay along the sides and therefore do not infringe claim 3 of the '731 patent."

In light of AAI's acceptance of the district court's claim construction, its appeal targets only the district court's factual finding that the Prince racquets do not infringe because the disputed strings are anchored in the corners and thus all of the strings on the sides have an equal degree of splay. We review that finding of fact for clear error, and we reverse only if "on the entire evidence [we are] left with the definite and firm conviction that a mistake has been committed." *Biovail Corp. Intl v. Andrx Pharms., Inc.*, 239 F.3d 1297, 1300 (Fed. Cir. 2001).

The district court noted that Prince's Director of Research and Development testified that the splay of the disputed string in each of the accused racquets was reduced "in order to facilitate stringing." Moreover, the court found that the degree of splay in the regions of the sides where the string ends are longer is 4.5 millimeters, the same amount as in the regions of the sides where the string ends are shorter. In what the court referred to as the "transition regions between tip and sides, and the heel and the sides," i.e., the corners, the court found that the splay distance in the Prince racquets is only 2 millimeters. Because we find no clear error in the district court's factual determination that the disputed string in each of the accused racquets is anchored in the "corner" and not the "side," we uphold the district court's decision that Prince's accused racquets do not infringe claim 3 of the '731 patent.

2. AAI argues that the district court erred in granting summary judgment that claims 1-2 and 8-9 of the '731 patent are obvious in light of the Martel patent. Noting that the Board held Martel to be non-anticipating only because Martel was silent about the required number of main strings, the district court observed that all commercial tennis racquets on the market contained an even number of strings. The district court therefore concluded that, to a person skilled in the art, using an even number of strings would have been an obvious way of implementing Martel.

Citing *In re Portola Packaging, Inc.*, 110 F.3d 786, 789 (Fed. Cir. 1997), AAI contends that "a district court should not invalidate claims where the exact prior art references were before the patent examiner who upheld the patent." *Portola* is not instructive in the present context, because it involves reexamination proceedings before the Patent and Trademark Office ("PTO"). *Portola* stands for the proposition that in reexamination the PTO is not supposed to reevaluate prior art that was considered in the original examination. It does not, however, limit a court's authority to address patent validity by restricting the court's right to consider prior art that was before the examiner. Moreover, the Board in this case addressed only the examiner's rejection for anticipation; it did not address the question of obviousness. AAI's argument based on *Portola* is therefore without merit.

AAI further asserts that Martel does not suggest the use of an even number of strings and that it actually teaches away from the claimed invention because it calls for a racquet design that limits twisting of the racquet frame, while "implementation of an even number of strings . . . would result in . . . twisting of the sides of the racket frame." However, AAI does not explain why an even number of strings would produce twisting. In any event, Martel does not explicitly suggest using a racquet with an odd number of strings, and thus it makes sense to combine the stringing

configuration of Martel with the predominant type of racquet on the market—one with an even number of main strings. We therefore uphold the district court's grant of summary judgment invalidating claims 1-2 and 8-9 as obvious.

3. AAI next contends that the district court erred in invalidating claims 3-5 for indefiniteness. The district court reasoned that the '731 patent contains no definition of either the term "side" or the term "region," that those terms are not used in the tennis industry, and that the '731 patent fails to explain "where the 'sides' end and the 'corners' begin."

To avoid invalidity for indefiniteness, a claim, read in light of the specification, must "reasonably apprise those skilled in the art both of the utilization and scope of the invention." *Shatterproof Glass Corp. v. Libbey-Owens-Ford Co.*, 758 F.2d 613, 624 (Fed. Cir. 1985). If the claim "is subject to construction, i.e., it is not insolubly ambiguous, it is not invalid for indefiniteness." *Bancorp Servs., L.L.C. v. Hartford Life Ins. Co.*, 359 F.3d 1367, 1371 (Fed. Cir. 2004). A claim will not be held invalid if the "meaning of the claim is discernible, 'even though the task may be formidable and the conclusion may be one over which reasonable persons will disagree.'" *Id.* (quoting *Exxon Research & Eng'g Co. v. United States*, 265 F.3d 1371, 1375 (Fed. Cir. 2001)).

In this case, the district court was able to distinguish portions of the racquet frame by construing the term "sides" as referring to those portions of the racquet frame located between the "corners." Figure 8 is also instructive because it indicates that the "sides" of the racquet can be differentiated from "corners" in that the "sides" contain only lateral strings ends, whereas the "corners" contain both lateral and longitudinal string ends. Moreover, the specification explains that the "corners" contain minimal splay distance to "facilitate the stringing of the racquet." Because the specification and the figures provide a sufficient basis for differentiating "sides"

from "corners," we hold that the term "sides" is amenable to construction.

The specification further makes clear that the term "region" is not used in a specialized sense, but merely refers to a portion of the edge of the racquet, so that the claim language "in the regions where the length of said ends is greater" is equivalent to saying simply "where the length of said ends is greater." Accordingly, the term "regions" does not introduce insoluble ambiguity into the claim. In sum, we hold that the claim language is sufficiently precise to avoid invalidity on grounds of indefiniteness. We therefore reverse the portion of the district court's judgment invalidating claims 3-5 as being fatally indefinite.

4. AAI argues that the district court erred in dismissing its breach of contract claim. The parties agreed that the statute of limitations for a breach of contract claim is six years, and the district court found that AAI's claim was filed more than six years after Prince allegedly breached the parties' confidentiality agreement. Accordingly, the district court dismissed AAI's breach of contract claim as barred by the statute of limitations.

AAI contends that Prince breached the agreement each time it used AAI's information and techniques in manufacturing, marketing, and selling the Vortex racquet. Yet, as the district court explained, the continuing-breach theory advanced by AAI does not apply to breach of a contract covering trade secrets. *See Intermedics, Inc. v. Ventritex, Inc.*, 822 F. Supp. 634, 645 (N.D. Cal. 1993). *Intermedics* involved a breach of contract claim that "consist[ed] entirely of the same acts of misappropriation . . . that would be barred by the statute of limitations applicable to trade secret claims." *Id.* at 644. The court there explained that allowing such a breach of contract claim to proceed under a continuing-breach theory "would frustrate the legislature's judgment about how

the statute of limitations should operate for trade secret cases." *Id.*

Because AAI's breach of contract claim is similarly based on Prince's alleged breach of the confidentiality agreement, *Intermedics* is instructive here. Under Arizona law, the statute of limitations for misappropriation of trade secrets is three years. A.R.S. § 44-406 (1990). Furthermore, a "continuing misappropriation constitutes a single claim." *Id.* Thus, under the analysis of *Intermedics*, the district court correctly rejected AAI's continuing-breach argument. Although AAI contends that *Intermedics* does "not purport to reflect Arizona law," AAI fails to cite any contrary Arizona case that involves a breach of contract involving trade secret misappropriation.

AAI also asserts, for the first time on appeal, that the statute of limitations should be deemed tolled during the pendency of the earlier lawsuit because the action involving the '731 patent was stayed beginning in 1994. However, AAI's trade secret misappropriation claim was not stayed as part of the 1994 stay order; that claim had already been voluntarily dismissed without prejudice in 1992. Nor has AAI pointed to any legal authority for its assertion that the statute of limitations on its breach of contract claim should be deemed tolled during the period that the original misappropriation claim was pending. We therefore uphold the court's dismissal order.

5. AAI next complains that Prince's counsel acted inappropriately by being unduly involved in the preparation of the expert report of Prince's expert witness. For that reason, AAI asserts, the trial court should not have credited the expert's testimony. The district court acknowledged that the expert's credibility was "significantly clouded" by counsel's "extensive involvement" in the preparation of the report, yet nonetheless credited the expert's testimony due to his expertise and qualifications. Based on the highly deferential stan-

dard of review that we apply to witness credibility determinations by the trial court, *Mass. Bay Transp. Auth. v. United States*, 254 F.3d 1367, 1376 (Fed. Cir. 2001), we reject AAI's argument regarding the credibility of Prince's expert.

6. Finally, AAI argues that the district court should have granted its request for a jury trial. The district court ruled that AAI forfeited its right to a jury trial when it failed to serve its jury demand on Prince in a timely manner, as required by Federal Rule of Civil Procedure 38(b). Noting that the Ninth Circuit has held that a district court may not overlook a party's failure to make a timely jury trial demand when the failure to make a timely demand results from an oversight or inadvertence, *Zivkovic v. S. Cal. Edison Co.*, 302 F.3d 1080, 1086 (9th Cir. 2002), the district court found that AAI had "offered no explanation beyond inadvertence or over sight to excuse the omission" and therefore denied the jury trial request.

On appeal, AAI argues that the "right to a trial by jury is too important to be cast aside for a procedural technicality" and that one's constitutional right to a jury "should not be cavalierly dismissed." However, the district court correctly ruled that a party "should not be relieved of the responsibility of complying with the applicable procedural rules" where it has failed to "show some reason beyond oversight or inadvertence." *See Boice v. United States*, 87 F.R.D. 494, 496 (D. Ariz. 1980). We therefore affirm the district court's denial of AAI's motion.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

[Filed March 31, 2005]

No. CIV 98-1953-PHX-MHM

ATHLETIC ALTERNATIVES, INC.,
Plaintiff,

vs.

BENETTON TRADING USA, INC.
(Successor in interest to Prince Manufacturing, Inc.),
Defendant.

ORDER

This patent infringement case was tried to the Court on July 13-15 and September 14-16, 2004. The parties have filed revised proposed findings of fact and conclusions of law and post-trial briefs. (Doc. 244-46, 249-50). The Court enters this Order following trial on 1 the merits of Plaintiffs claim of patent infringement. The Court's jurisdiction has been invoked pursuant to 28 U.S.C. § 1338.

I.

Infringement.

The Court enters the following findings of fact and conclusions of law on Plaintiffs claim of infringement.

A.

Findings of Fact

1. Plaintiff Athletic Alternatives, Inc. ("AAI") is an Arizona corporation solely owned by Mr. James Speros. At the time suit was filed, AAI was engaged in the business

of designing athletic products, including string systems for sports racquets.

2. Defendant is Benetton Trading USA, Inc., formerly Benetton Sportsystem USA, Inc. and Prince Manufacturing, Inc. ("Benetton"), a New Jersey corporation. At the time suit was filed, Benetton was engaged in the business of manufacturing and marketing tennis racquets. Prior to May 2003, Benetton and its predecessors sold tennis racquets under the name "Prince." From 1991 until 2000, Benetton sold Prince tennis racquets having a "splayed" string system. The term "splay" is discussed, *infra*. On April 30, 2003, Benetton sold its Prince brand and tennis business to an unrelated third party known as Prince Sports, Inc. ("Prince Sports"). Benetton no longer sells tennis racquets.

3. AAI is the assignee of U.S. patents No. 5,037,097 ("the '097 patent") and No. 5,197,731 ("the '731 patent"). These patents are directed to the configuration of strings on a tennis racquet. The '731 patent issued on March 30, 1993 with seven claims. The '731 patent is a "continuation" of the '097 patent and claims priority on the '097 patent. The issues in this lawsuit concern the '731 patent.

4. On October 13, 1998, the United States Patent and Trademark Office ("PTO") issued Reexamination Certificate No. B1 5,197,731, granting new claims 1 and 2, in amended form from original claims 1 and 2, and granting new claims 8 and 9. Claim 3, which originally depended on claim 1, was rewritten into an independent claim. Thus, as amended by the reexamination Certificate, the '731 patent contained independent claims 1 and 3. Claims 2 and 7-9 were dependent on claim 1. Claims 4-6 were dependent on claim 3.

5. AAI filed the complaint in this case on October 28, 1998 alleging infringement of the '731 patent (Count 1) and claims for breach of contract (Count 2) and unfair competition (Count 3). The Court dismissed AAI's breach of

contract claim. (Doc. 38, 62 & 86). The Court granted summary judgment in favor of Benetton on AAI's unfair competition claim. (Doc. 38 & 62). The Court granted summary judgment in Benetton's favor that claims 1-2 and 8-9 are invalid. (Doc. 38 & 62). AM does not allege infringement of claims 6-7. The only remaining claims of the patent in suit at issue for purposes of trial on Plaintiffs claim of infringement are claims 3-5.

6. AAI contends that all Prince splayed stringing tennis racquets that had dual levels of splay literally infringe upon claims 3-5 of the patent in suit. AAI does not accuse racquets having a single degree of splay of infringing upon claims 3-5. AAI seeks injunctive relief, damages in the form of a reasonable royalty, and attorneys' fees. AAI further seeks treble damages claiming that Benetton's infringement was willful.

7. Benetton has asserted numerous defenses, including that the '731 patent is not infringed, the patent is invalid and the patent is not enforceable.

Claims 3-5 of the '731 Patent

8. As originally issued, claims 1 and 3 read as follows:

> 1. In a sports racquet having a peripheral frame defining a center plane, a handle, and a first and second plurality of string segments extending in a first and second direction between opposed locations on said frame and interwoven to define a ball contact area in said center plane of said racket, the improvement comprising:
>
> > that at least a part of said string segments are interwoven to form nodes near said peripheral frame; and that the ends of string segments leading from said nodes to said frame are splayed to alternately contact said frame in front of and behind said center plane.
>
> 3. The improvement of claim 1, wherein said first plurality of strings extends parallel to the longitudinal axis of

said frame and the second plurality of strings perpendicular to said axis, and wherein said first and second plurality of strings are interwoven to form nodes near the sides of said frame and where said ends are splayed to a greater degree in the regions where the length of said ends is greater.

(Exh. 202).

9. During reexamination, claim 3 was rewritten as follows:

> 3. In a sports racket having a peripheral frame defining a center plane, a handle, and a first and second plurality of string segments extending in a first and second direction between opposed locations on said frame and interwoven to define a ball contact area in said center plane of said racket, the improvement comprising:
>
> that at least a part of said string segments are interwoven to form nodes near said peripheral frame, and that the ends of string segments leading from said nodes to said frame are splayed to alternately contact said frame in front of and behind said center plane,
>
> wherein said first plurality of string[s] segments extends parallel to the longitudinal axis of said frame and the second plurality of string[s] segments perpendicular to said axis, and
>
> wherein said first and second plurality of string[s] segments are interwoven to form nodes near the sides of said frame and
>
> where said ends are splayed to a greater degree in the regions where the length of said ends is greater.

(Exhibit 37).

The amendments to reexamination claim 3 primarily added the language of claim 1 and made claim 3 an independent claim.

10. Claim 4 of the '731 patent was not amended during reexamination and reads as follows:

> The improvement of claim 3, wherein in addition said first plurality of strings is splayed at the tip of said frame and where said ends are splayed to a greater degree near the center of the tip of said frame than in the region between the tip and the sides of the frame.

11. Claim 5 of the '731 patent was not amended during reexamination and reads as follows:

> The improvement of claim 4, wherein the degree of splay at and near the heel and between the sides and tip is minimal.

12. Claims 4 and 5 are dependent on claim 3, and thus include all of the limitations of claim 3.

13. The stringing configuration described in the '731 patent at times has been referred to as the "Redemption String System."

The Court's Markman Ruling

14. In an Order entered on March 29, 2002, following the claims construction hearing held pursuant to *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), ("the Markman ruling"), the Court determined that AM's patent claim 3 requires that there be more than one "splay" distance on the "sides" of the frame of the racquet. (Doc. 97 at p. 4).

15. The Court in its *Markman* Order discussed as follows the term "splay" as used in claim 3 of the '731 patent specification:

> The specification defines the term "splay" as, *inter alia*, a string configuration in which 'the ends are secured to

> the frame at distances di alternately in front of and behind the central plane of the racket,' where di 'denotes the measure of the distance of the contact point from the central plane (positive or negative).' (Col. 7, lines 57-61). Thus, 'splay distance' is the distance between the center plane of the racquet frame and the place in the frame where each string hole is drilled.

(Doc. 97, at pp. 4-5).

16. In the *Markman* ruling, the Court construed claim 3 as suggesting "that each 'side' of the racket contains at least two regions (i.e., a region of longer string ends and a region of shorter string ends) and that a longer string end has a splay that is greater than a shorter string end." (Doc. 97 at p. 6).

17. In the *Markman* ruling, the Court adopted Defendant's argument that Figure 8 of the drawings of the '731 patent divides the frame into a "tip," a "heel," two "sides," and four "corners." Figure 8 shows that the "corners" separate the "sides" from the "tip" and "heel," respectively. The Court further concluded that Figure 8 and original Figure 1 of the patent drawings indicated that the "sides" of the racquet do not include the "corners." (Doc. 97 at pp. 7-9).

The '731 Patent

18. The '731 patent specifications reference a frame that is strung with planar webbing of interwoven strings comprising longitudinal strings and lateral strings. In a conventional racquet, the longitudinal strings run parallel to the racquet axis and the lateral strings perpendicular to the racquet axis. In the '731 patent, the strings that extend longitudinal are referred to as "longitudinal strings" and the strings that extend perpendicular to the racquet axis are referred to as "lateral strings." The '731 patent indicates that the concepts of the invention are equally applicable to stringing arrangements where the string segments are strung in other directions. ('731 patent, col. 7, lines 32-40).

19. The tennis industry refers to "longitudinal strings" as "main strings" and to "lateral strings" as "cross strings."

20. As shown in Figure 1 of the '731 patent, the ends of the longitudinal strings 23 and the lateral strings 24 are secured to the racquet frame. The '731 patent refers to the portion of each string that extends between opposed frame sections as a "string segment." The specification reads ". . . the part of the string between opposed point of contact locations 27 and 28 on the frame are called string segments 26, and the intersection or contact points of any lateral and longitudinal string nearest the adjacent frame are called nodes." ('731 patent, col. 7, lines 43-44).

21. In the stringing system disclosed in the '731 patent, "at least a substantial number of the string ends are splayed, i.e., the ends are secured to the frame at distances di, alternately in front of and behind the central plane of the racquet." ('731 patent, col 7, lines 55-59). The string holes lie alternately above and below the center plane.

22. Claim 3 of the '731 patent requires strings that extend in two different directions, and that "nodes" with splayed string ends exist near the "sides" of the racquet frame.

23. This concept of nodes and splay is shown in Figures 7A and 7B of the '731 patent.

AAI's Expert Testimony

24. Mr. Frank Garrett testified as a technical expert on behalf of AAI. Mr. Garrett, who holds a Bachelor of Science degree in Mechanical Engineering, has worked for Wilson Sporting Goods ("Wilson") since 1985. In 1987, Mr. Garrett was promoted to manager of research and development for Wilson's tennis business and in 1995, he became vice president of research and development for all of Wilson's business groups. From 1987 to 1995, Mr. Garrett was responsible for the concept phase for new ideas and for contacting outside inventors.

25. Mr. Garrett described a person of ordinary skill in the art as having either a bachelor's degree in mechanical engineering, mechanics or physics, and one to two years experience in the design of sports racquets or products.

26. Mr. Garrett identified three patterns of Prince racquets, i.e., the "MidPlus" pattern, the "Oversize" pattern, and the "Synergy" pattern, all of which he examined. These tennis racquet patterns differ from each other in terms of the number of cross strings.

27. Mr. Garrett numbered the cross strings starting at the top of the racquet. With respect to Exhibit 6D, a Prince Vortex MidPlus racquet, Mr. Garrett expressed the opinion that cross strings numbered 3 through 16 are anchored along the sides of the racquet head. Of these strings, cross string 3 through 15 have a splay distance of 4.5 millimeters ("mm"), Cross string 16 has a reduced splay distance of 2 mm.

28. Mr. Garrett expressed his opinion regarding where each limitation of claim 3 could be found in the Prince Vortex MidPlus racquet.

29. With respect to the limitation in claim 3, "where said ends are splayed to a greater degree in the regions where the length of said ends are greater," Mr. Garrett noted that the Court's *Markman* ruling determined that "said ends" refers to the ends of the splayed strings along the sides. Mr. Garrett testified that this limitation is met in the Prince Vortex MidPlus racquet because cross strings 3-15 have longer ends, and a greater amount of splay, than cross string 16. Based on Mr. Garrett's opinion, the "regions" where string ends are longer encompass each and every string along the sides except for cross string 16, that is, the "regions" where the string ends are shorter encompass[es] only cross string 16.

30. Mr. Garrett's opinion encompasses a claim construction in which cross string 16 is considered along the "sides" of the racquet and is not considered a "corner" string.

31. Mr. Garrett testified that the "sides" refer to the portions of the head "which have a lateral cross string with no corresponding crossing longitudinal cross string."

32. Mr. Garrett testified that the "corners" of the racquet are the portions of the frame that consist of both longitudinal and lateral strings. Mr. Garrett derived this opinion from Figure 8 of the '731 patent and prosecution history. He testified that Figure 8 "shows . . . that the corners contain both longitudinal and lateral strings."

33. Mr. Garrett testified that a "region" can constitute multiple strings.

34. Mr. Garrett testified that the term "region" is not limited to any particular number of strings.

35. Mr. Garrett testified that a person of ordinary skill in the art would consider the Vortex as having greater splay along the sides. A person of ordinary skill in the art also would consider the Vortex as having greater splay in the sides and the regions where the string ends are longer.

36. Mr. Garrett testified that claim 4 means that the splay in the tip region is greater than the splay in the corners of the racquet between the two sides. This feature was present in the Prince racquets Mr. Garrett examined.

37. Mr. Garrett stated that the tip is located between the corners on the two opposing sides. The strings in the tip are generally longitudinal strings.

38. Mr. Garrett testified that claim 5 adds that the improvement of claim 4 where the degree of splay at and near the heel and between the sides and tip is minimal. Mr. Garrett stated that the term "minimal" is created in the patent and its prosecution history as generally meaning that the distance is "minima", which may be non-zero. There was nothing in the prosecution history that indicated that the "minimal" splay should be any fixed value.

39. Mr. Garrett testified on cross examination that he agreed that the corners are the portions of the racquet that contain a longitudinal and lateral string pair.

40. On cross examination, Mr. Garrett acknowledged that Figure 8 shows that the "corners" contain both main and cross strings, but that Figure 8 does not state that the "corners" contain only main and cross string "pairs." Mr. Garrett was not aware of any other place in the patent that indicates that the "corners" contain only "pairs" of main and cross strings.

41. Mr. Garrett testified on cross examination that the longest cross string on Exhibit 6D was approximately in the middle of the head.

Benetton's Expert Testimony

42. Mr. Stephen Davis testified as Benetton's technical expert. Mr. Davis holds a Bachelor's and Master's degree in Mechanical Engineering. From 1981 until 1987, Mr. Davis was employed at Head Sports as a design engineer, designing and developing tennis racquets, squash racquets, and racquetball racquets. In 1987, Mr. Davis joined Prince Manufacturing as manager of research and development and was currently employed by Prince (and its successors) at the time of trial. Mr. Davis testified that he has designed hundreds of tennis racquets and has been granted numerous United States patents relating to new technologies for tennis racquets or equipment.

43. Mr. Davis testified that a tennis racquet is a very complex structure. He stated that a person skilled in the art would understand geometry, have at least an engineering degree or a technical degree of sort and a considerable amount of experience, or approximately six or seven years of experience.

44. Mr. Davis designed all of Prince's splayed racquets. According to Mr. Davis, when he set out to design Prince's

first splayed racquet, the CTS Vortex, he did not use AM's "Redemption String System." Rather, Mr. Davis sought to implement a splayed string system as disclosed in the prior art in which all of the string ends were splayed at the same offset distance. However, Mr. Davis found that, in the "corners," the string ends were too short to employ full splay so he reduced the offset distance of splay in the "corners." Having a large degree of splay in the "corners" required the string to bend at a very sharp angle making it susceptible to breaking.

45. Mr. Davis did not seek a patent on the Vortex racquet because he did not consider it to be novel.

46. Mr. Davis testified that with respect to Prince's racquets that have two degrees of splay, most of the holes have an offset distance of 4.5 mm except in the "corners," where the holes have a 2 mm splay.

47. Mr. Davis testified with respect to a Prince Graphite-Oversize racquet, Exhibit 6B. Most of the string holes in this racquet are staggered by a distance of 4.5 mm away from the center plane. The string holes in the "corners" of Exhibit 6B have a reduced splay distance of 2 mm because the string ends are short and would bend at too sharp of an angle if full splay had been used.

48. Mr. Davis testified that the Vortex Oversize racquet has 19 cross strings. Cross strings 1 and 2 have a splay distance of 2 mm; cross strings 3 through 16 have a splay of 4.5 mm; and cross strings 17, 18 and 19 have a splay of 2 mm.

49. Mr. Davis expressed the opinion that, as the term "regions" is used in the '731 patent, the "regions" in the Oversize racquet, Exhibit 6B, where the string ends are longer are the "center regions" on opposite sides of the head, that is, in the three and nine o'clock positions of the head. In these "center regions" the degree of splay is 4.5 mm. Mr. Davis further testified that in the "regions" above and below

these "center regions", the string ends are shorter but the degree of splay remains 4.5 mm.

50. Mr. Davis testified that in the other Prince racquets that have dual splay, the degree of splay is not greater in the "regions" where the string ends are longer than the degree of splay above and below such "region"—the degree of splay is identical.

51. Based on Mr. Davis's opinion, if cross string 17 is in the "corner" of the head, there is no infringement of claim 3 because the "sides" of the racquet contain only a single splay distance.

52. Based on Mr. Davis's opinion, if the Court were to find that the disputed strings, either cross string 16 in the MidPlus or cross string 17 in the Oversize, are in the "sides" such that the "sides" include one string with a second degree of splay, there is no infringement. This is because the degree of splay in the "regions" where the string ends are longer, that is, the center of the racquet sides, is not greater than the degree of splay above and below the "center regions" as required by claim 3.

53. Mr. Davis testified that a person skilled in the art would understand claim 4 as meaning there is a variable amount of splay maximized at the center of the tip and reduced splay in the corners.

Additional Testimony and Evidence of Record

54. Mr. Garrett and Mr. Davis both testified during trial that the term "sides" and "regions" are not terms of art in the tennis industry.

55. Mr. Davis testified that the tennis industry uses terms like three and nine o'clock to locate a particular region of the racquet. The term "sides" is "ambiguous."

56. Mr. Davis testified that the term "corners" also is not a term of art in the tennis industry.

57. Mr. Davis testified that it would be difficult for a person skilled in the art to determine where the sides of a racquet head end and the corners begin.

58. Mr. Davis testified that racquet heads are of various shapes, such as round, oval and egg-shaped.

59. Mr. Davis testified that a person skilled in the art would understand "sides" to mean the widest part of the racquet head, the three and nine o'clock regions.

60. Mr. Davis testified on cross examination that his report in this case was prepared by defense counsel, Mr. Robert Smith. Mr. Davis testified that he reviewed the report over approximately two to three hours and made one change.

61. Mr. Davis testified on cross examination that defense counsel Mr. Smith prepared an outline of his testimony which Mr. Davis reviewed before taking the stand. This outline was admitted as Exhibit 110 and shows numerous instances of the question followed by a suggested answer.

62. Mr. Davis testified on cross examination that defense counsel Mr. Smith had prepared declarations Davis had signed and that had been submitted in this case and in other litigation.

63. Benetton contends that in a prior suit against Prince Manufacturing concerning the '097 patent, AAI filed a brief on February 21, 1995, in the Court of Appeals for the Federal Circuit in which it stated that the Prince Vortex racquet has two degrees of splay distances, that is, a constant splay of 4.5 mm for strings on the "sides" of the racquet head and 2 mm splay for strings on the "corners." According to Benetton, AAI admitted in its brief that string 17 in the Vortex Oversize racquet (and corresponding cross string 16 in the Vortex MidPlus racquet) were in the "corners." (Exhibit 211 at B00157). The case to which Benetton is referring is *Athletic Alternatives, Inc. v. Prince Manufacturing. Inc.*, 73 F.3d 1573, 574-75 (Fed. Cir. 1996).

64. In its motion for summary judgment filed in this case, Benetton submitted the Declaration of Mr. Davis dated December 3, 1992. Mr. Davis's December 3, 1992 Declaration had been submitted in the parties' previous litigation, *Athletic Alternatives. Inc. v. Prince Manufacturing Inc.*, CIV 92-0176 PHX-RGS (D.Ariz.). Mr. Davis included with his 1992 Declaration a drawing of the Prince Oversize Vortex racquet that showed that the racquet had 19 cross strings. The drawing showed that, starting from the top of the racquet, cross strings 3 through 16 had the same splay and that cross strings 1-2 and 17-19 had a smaller degree of splay. Mr. Davis stated in his Declaration as follows:

> In the Prince Vortex racquet, all of the cross strings are located at a constant, 4.5 millimeters (mm) distance di away from the center plane of the frame, except for the upper and lower corner strings, where the distance is 2 mm. (In the corners, because the main and cross strings intersect very close to the frame, the stagger distance of the string holes was reduced [] from 4.5 to 2 mm, in order to avoid imposing too sharp a bending angle on the strings.)

65. AAI contends that Mr. Davis's testimony is inconsistent with his 1992 Declaration.

66. Mr. Davis filed a statutory invention registration on April 19, 1995, in which he used the term "corners" in connection with a tennis racquet. Mr. Davis's statutory invention registration in which he used the term "corners" was not issued until February 3, 1998 and was not contemporaneous with the '731 patent application dated 1991. Defendant contends that Mr. Davis's statutory invention registration is not evidence that the term "corners" had any meaning to persons skilled in the art in 1991 when the '731 patent was filed.

67. Benetton contends that on December 16, 2002, AAI filed a motion for summary judgment in which it contended for the first time that string 17 in the Vortex racquet was not in a "corner."

68. In its post-trial brief, Benetton admits that all of its double stagger racquet models had the stringing pattern exemplified by the Vortex MidPlus and Oversize or Extender models. Benetton further admits that, with respect to the racquets identified in Exhibit 21 as having double stagger, if the exemplars are found to infringe, then the remaining racquets infringe. (Doc. 249, at pp. 21-22).

The Issues

69. The issues have been narrowed to include whether cross string 16 in the MidPlus racquet and comparable cross string 17 in the Oversize racquet are properly considered as a "side" string or a "corner" string.

B.

Conclusions of Law

70. A patent issued by the PTO is presumed to be valid. 35 U.S.C. § 282.

71. 72.AAA, the patentee, bears the burden of proving infringement. *Ultra-Tex Surfaces, Inc. v. Hill Bros. Chemical Co.*, 204 F.3d 1360, 1364 (Fed. Cir. 2000).

72. Determination of infringement of a patent requires a two-step analysis. First, the Court determines the scope and meaning of the patent claims asserted. Second, the properly construed claims are compared to the allegedly infringing device. *Lisle Corp. v. A.J. Mfg. Co.*, 398 F.3d 1306, 1312 (Fed. Cir. 2005).

73. The Court has entered a *Markman* ruling in which it determined that AAI's patent claim 3 requires that there be more than one "splay" distance on the "sides" of the frame of the racquet. (Doc. 97 at p. 4).

74. The dispute in this case turns in part on whether string 16 in the MidPlus and corresponding string 17 in the Oversize are considered to be along the sides or in the corners of the racquet. The Court must determine this and other related disputed issues based on further interpretation of the patent.

75. Claim construction does not require the court to repeat or restate every claim term. *U.S. Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554, 1568 (Fed. Cir. 1997). Rather, the Court must interpret only disputed terms. *Wang Laboratories, Inc. v. Mitsubishi Electronics American, Inc.*, 103 F.3d 1571, 1571 (Fed. Cir. 1997). Resolving the meaning of disputed terms allows the court to clarify when necessary and explain what the patentee covered in the patent. *U.S. Surgical*, 103 F.3d at 1568.

76. Claim construction is a question of law. *Lisle Corp.*, 398 F.3d at 1313.

77. The object of claim construction is to determine what the words in the patent claims mean. The claims of a patent define the scope of the invention and the patentee's rights. *Markman*, 517 U.S., at 373-74.

78. "To properly construe the claims, a court must examine the claims, the rest of the specification, and, if in evidence, the prosecution history." *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1324 (Fed. Cir. 2003).

79. In interpreting disputed claim terms, the court should first look to the intrinsic evidence of record. "Intrinsic evidence" includes the language of the claims, the written description of the patent (i.e., its specifications and drawings), and the file history, if in evidence. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582-83 (Fed. Cir. 1996). Intrinsic evidence is the most significant source of the legally operative meaning of the disputed claim language. *Id.* In most situations, analysis of the intrinsic evidence alone will resolve any ambiguity in a disputed claim term. *Id.*

80. Claim construction begins and ends in all cases with the actual words of the claim. *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1248 (Fed. Cir. 1998). Absent a special and particular definition created by the inventor, terms in a claim are to be given their ordinary and accustomed meaning. *Id.*, at 1249.

81. Technical terms are interpreted from the perspective of persons skilled in the art unless it is apparent from the patent and the prosecution history that the inventor used the term with a different meaning. *See Phillips Petroleum Co. v. Huntsman Polymers Corp.*, 157 F.3d 866, 871 (Fed. Cir. 1998).

82. The Court must review the specifications to determine if the inventor used disputed terms in a manner other than their ordinary meaning. *Vitronics*, 90 F.3d at 1582.

83. The prosecution history file refers to all communications between the PTO and the applicant which are conducted in writing. 37 C.F.R. § 1.2.

84. The intrinsic record usually will provide the technological and temporal context to enable the court to ascertain the meaning of the claim to one of ordinary skill in the art at the time of invention. *V-Formation, Inc. v. Benetton Group SPA*, F.3d , 2005 WL 590662 *3 (Fed. Cir. March 15, 2005) (citing *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1360 (Fed. Cir. 2004)).

85. In addition to intrinsic evidence, the Court may rely on "extrinsic evidence to construe claims, but only where the intrinsic evidence alone does not resolve the ambiguity in a disputed claim. *Vitronics*, 90 F.3d at 1583. Extrinsic evidence may not be used to vary or contradict the claim language. Id., at 1584.

86. A court may examine or consult extrinsic evidence to ensure that its claim construction based on intrinsic evidence

is not inconsistent with how a person skilled in the art would understand the claim terms. *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1308-09 (Fed. Cir. 1999).

87. Extrinsic evidence refers to evidence that is external to the patent and its file history, such as expert testimony, inventor testimony, dictionaries and technical treatises and articles. *Vitronics*, 90 F.3d at 1584.

88. A court cannot rewrite patent claims; it can only interpret them. *Process Control Corp. v. HydReclaim Corp.*, 190 F.3d 1350, 1357 (Fed. Cir. 1999).

89. Claim 3 provides that "said first and second plurality of string[s] segments are interwoven to form nodes near the sides of said frame."

90. The final limitation of claim 3 reads: "where said ends are splayed to a greater degree in the regions where the length of said ends is greater."

91. With respect to the term "said ends", the term "ends" refer to the ends of the splayed strings extending from the nodes. Claim 3 requires splayed string ends near the "sides" of the frame.

92. The Court has construed claim 3 as suggesting "that each 'side' of the racket contains at least two regions (i.e., a region of longer string ends and a region of shorter string ' ends) and that a longer string end has a splay that is greater than a shorter string end." (Doc. 97 at p. 6).

93. The Court has construed claim 3 as requiring two or more splay distances along the "sides" of the racquet head.

94. The Court has construed Figure 8 of the drawings of the '731 patent as dividing the frame into a "tip," a "heel," two "sides," and four "corners." Figure 8 shows that the "corners" separate the "sides" from the "tip" and "heel," respectively. The "sides" of the racquet do not include the "corners."

95. The specification contains the following discussion:

> . . . [I]t should be noted that in rackets with the typical oval or ellipsoidal racket face the string ends are not of equal length. For example, in the regions of the tip and heel and the sides where the longitudinal and transverse dimensions of the racket face are greatest, the ends are also the longest. In the transition regions between tip and sides, and the heel and the sides, or the corner regions of the weave labeled A, B, C, or D in FIG. 1, the ends are the shortest.

('731 patent, col. 8, lines 29-37).

96. The specification elsewhere refers to "the regions at or near the center of the 'sides" and the "center regions at the 'sides'. (*id.*, col. 8, lines 56-59).

97. The specification discloses that, in these two "regions," the string ends are longest and splay is greatest. (*id.*, col. 8, lines 32-34 and 55-62).

98. Defendant has provided dictionary definitions of certain terms, including the terms "sides," "regions" and "corners." Dictionaries are considered useful resources to assist the court in determining the ordinary and customary meanings of claim terms. *Unitherm Food Systems, Inc. v. Swift Eckrich, Inc.*, 375 F.3d 1341, 1350 (Fed.Cir. 2004).

99. The term "side" has several meanings when referring to an object:

> side . . . 3a: one of the longer bounding surfaces or lines of an object esp. contrasted with ends <the of a barn> b: a line or surface forming a border or face of an object <a die has six_s>the back_of the moon> c: either surface of a thin object one of a record> <right of the cloth> d: a bounding line of a geometric figure <_ of a triangle>

Webster's Ninth New Collegiate Dictionary at 1089, Merriam-Webster Inc. (1985).

100. The term "region" has multiple meanings, including:

> region . . . 1: an administrative area, division, or district; esp: the basic administrative unit for local government in Scotland 2 a: an indefinite area of the world or universe < few unknown_s left on earth > b: a broad geographical area distinguished by similar features < in the Appalachian_ > . . . 6: an open connected set together with none, some, or all of the points on its boundary < a simple closed curve divides a plane into two_s>

Merriam-Webster's Collegiate Dictionary at 984, Tenth Edition (1999).

101. None of the dictionary meanings of "side" or "region" apply to the frame of a tennis racquet.

102. Referring to the specifications of the '731 patent, in an oval racquet such as is shown in Figure 1, the "regions" of the "sides" of the racquet where the string ends are longer are in the two center "areas" of the head, that is, the "middle sides" at three and nine o'clock. In these center "regions" of the racquet head, the string ends are longer.

103. In an oval racquet such as is shown in Figure 1, the "regions" of the "sides" of the racquet where the string ends are shorter are the "regions" above and below the "center" regions of the racquet head.

104. Figure 1 shows that the string ends are longer on each "side" of the head in the center of the "sides" than above and below the center of the "sides" of the racquet head because of the curvature of the frame.

105. Claim 3, in reference to the "sides", calls for increased splay in "the" "regions where the length of said ends is greater". Defendant has referenced the word "the" as a "function word to indicate that a following noun or noun equivalent is definite . . ." *Merriam-Webster's Collegiate Dictionary* at 1221.

106. Defendant has referenced the dictionary definition of "corner" as including:

> corner . . . 1 a: the point where converging lines, edges, or sides meet: ANGLE . . . 2 the angular part or space between meeting lines, edges, or borders near the vertex of the angle < the southwest of the state> <the s of the tablecloth>. . .

Webster's Ninth New Collegiate Dictionary at 258.

107. This dictionary definition of "corner" has no application to a tennis racquet.

108. The '731 specification uses the term "corners" as follows: "[i]n the transition regions between tip and sides, and the heel and the sides, or the corner regions of the weave labeled A, B, C, or D in FIG. 1, the ends are the shortest." ('731 patent, col. 8, lines 31-37). The specification further states: "[a]nother reason for minimal [di] in these corner regions is to facilitate the stringing of the racket." (*id.*, col. 8, lines 42-44).

109. The specification uses the term "corners" to mean those regions between the tip and the sides, and between the heel and the sides, where the string ends are "shortest" and where it is "desirable" to have "minimal [di]" to "facilitate the stringing of the racquet."

110. The specification does not describe "corners" as restricted to pairs of main and cross strings.

111. The second step in claim construction is the comparison of the claims to the allegedly infringing product. "Literal infringement requires that each and every limitation set forth in a claim appear in an accused product." *Becton Dickinson & Co. v. C. R. Bard, Inc.*, 922 F.2d 792, 796 (Fed. Cir. 1990).

112. "[W]here the parties do not dispute any relevant facts regarding the accused product . . . but disagree over possible

claim interpretations, the question of literal infringement collapses into claim construction. . . ." *General Mills, Inc. v. Hunt-Wesson, Inc.*, 103 F.3d 978, 983 (Fed. Cir. 1997).

113. Claims 3-5 of the 731 patent require two or more splay distances along the sides of the racquet and that the degree of splay is greater "in the regions where the length of said ends is greater." The claims further provide that in the transition regions, or corners, the string ends are shortest and have "minimal" splay to "facilitate the stringing of the racquet."

114. When viewing either the Prince Vortex MidPlus or Oversize racquets, the "regions" of the sides where the string ends are longer are in the middle portion of the sides, that is, the three and nine o'clock positions. The degree of splay in these regions is 4.5 mm. In the "regions" of the sides where the string ends are shorter, that is, the "regions" above and below the center "regions", the degree of splay is 4.5 mm. In the transition regions between tip and sides, and the heel and the sides where the splay is minimal to "facilitate" the "stringing of the racket", that is, in the corners, the splay is 2 mm.

115. The Court concludes that on the Prince MidPlus racquet cross strings 3-15 (and corresponding cross strings 3-16 of the Oversize) are along the sides of the racquet and cross string 16 (and corresponding cross string 17 in the Oversize) is a corner string.

116. The Court's conclusion is based on analysis of the intrinsic evidence of record.

117. The Court has considered AAI's evidence, as presented through its expert Mr. Garrett, that the "regions" on the "sides" where the string ends are greatest would encompass each and every cross string on the "sides" of the MidPlus except for cross string 16. Mr. Garrett further testified that the corners consist of [a] longitudinal and lateral

string pair[s] anchored to the frame. Mr. Garrett's opinion does not appear to be supported by the claim language or the specifications. Mr. Garrett's opinion that the "regions" of the sides of the racquet may consist of multiple strings or one string and that a "region" is not limited to any particular number of strings is arbitrary and indefinite. The '731 patent gives no notice that the "regions" where the string ends are greatest can include every string but one.

118. AAI contends that Mr. Davis's testimony is not objective or impartial and therefore is of limited credibility because a script of his testimony and his expert report, in significant part, were prepared by defense counsel, Mr. Robert Smith. AAI also points out that Mr. Davis's several declarations filed in this and related cases also were prepared by Mr. Smith.

119. As Defendant Benetton points out, Fed.R.Civ.P. 26(a)(2)(B) and the Committee Notes thereto indicate that counsel is not precluded from providing assistance to experts in the preparation of their reports. Courts have looked with somewhat disfavor, however, where expert reports were "ghost written" by counsel "from whole cloth" and the expert simply signed the report as if it were his own. Such circumstances conflict with the expert's "preparation" of the report as contemplated by Rule 26(a)(2)(B). *See Trigon Insurance Co. v. United States*, 204 F.R.D. 277, 291-95 (E.D.Va. 2001)(collecting cases on the issue); *Crowley v. Chait*, 322 F. Supp. 2d 530, 543-45 (D.N.J. 2004)("[a]llowing an expert to sign a report drafted entirely by counsel without prior substantive input from the expert would read the word 'prepared' completely out of the rule") (citation omitted)).

120. Mr. Davis was extensively cross examined on the issue of the preparation of his expert report. Mr. Davis testified that he and Mr. Smith together worked on the report and Mr. Davis signed it. (Doc. 240 at p. 746). Mr. Davis also testified that he discussed the case with Mr. Smith and they

arrived at a mutual agreement concerning opinions reached in the case. (*id.*, at p. 764). On redirect examination, Mr. Davis testified that at the time he signed the report it reflected his own opinions. (*id.*, at p. 776).

121. With respect to Mr. Davis's acknowledgment that Mr. Smith prepared an outline of his testimony, Mr. Davis was extensively cross examined on this issue as well. The issue of Mr. Davis's "scripted testimony" goes to the witness's credibility and is a matter for consideration by the trier of fact. *See, e.g., Settlegoode v. Portland Public Schools*, 371 F.3d 503, 519-20 (9th Cir.) ("where counsel believes that testimony came out sounding too stilted or polished, we see nothing objectionable in suggesting to the jury that the witness may have been parroting words scripted by someone, else."), *cert. denied*, 125 S.Ct. 478 (2004).

122. Mr. Davis testified as to his education and extensive experience in the tennis industry, including in the design and development of tennis racquets since his early employment with Head Sports in 1981. He testified that he has developed or designed over 200 tennis racquets and been awarded approximately 25 patents related to tennis racquets and tennis equipment. He further testified that he designed the Prince racquets that employ splayed stringing.

123. Mr. Davis's credibility was significantly clouded by the extensive involvement of Mr. Smith in writing the report and Mr. Smith's detailed scripting of Mr. Davis's testimony.

124. However, due to Mr. Davis's expertise and qualifications and based on his testimony that he designed the Prince racquets that employ splayed stringing, the Court has credited his testimony that the string ends in the "corners" of the Vortex racquet were too short to employ full splay so he reduced the offset distance of splay in the "corners."

125. Each party in this case has pointed out previous instances in which the other allegedly has argued positions

inconsistent with respective positions at trial. Neither party has argued as a matter of law that these inconsistent positions are binding or dispositive of the infringement issues now before the Court.

126. The Court concludes that Prince's racquets have only a single degree of splay along the sides and therefore do not infringe claim 3 of the '731 patent.

127 Claims 4 and 5 are dependent on claim 3. Because claim 3 is not infringed, claims 4 and 5 are not infringed.

II.

Invalidity of Claims 3-5 Based on Indefiniteness

The Court alternatively has considered Benetton's defense that claims 3-5 are invalid under 35 U.S.C. § 112 based on indefiniteness.

128. Section 112, second paragraph, provides as follows:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A.

Findings of Fact

129. Messrs. Garrett and Davis agree that the terms "regions" and "sides" are not terms of art in the sports racquet industry.

130. The '731 patent contains no definition of the term "sides" or explanation of where the "sides" end and the "corners" begin. The patent contains no definition or explanation of what constitutes a "region."

131. Mr. Garrett testified that the "corners" include pairs of main and cross strings and that the "sides" contain only cross strings. Mr. Garrett's opinion is not reflected in Figure 8 or described anywhere else in the '731 patent.

132. Mr. Garrett testified that the term "regions" is not limited to any number of strings along the "sides" of the racquet. He further testified that "regions" could include multiple strings or only one string.

133. No standard dictionary definition applies to the terms "sides," "regions" or "corners" as used in the context of a tennis racquet.

B.

Conclusions of Law

134. Determination of whether a patent claim is invalid for failure to meet the definiteness requirement of § 112 is "a legal conclusion that is drawn from the court's performance of its duty as the construer of patent claims . . . and therefore . . . is a question of law." *Atmel Corp. v. Information Storage Devices, Inc.*, 198 F.3d 1374, 1378 (Fed. Cir. 1999).

135. "The requirement of claim definiteness set out in § 112 ¶ 2 assures that claims in a patent are 'sufficiently precise to permit a potential competitor to determine whether or not he is infringing.'" *Amgen Inc.*, 314 F.3d at 1342 (quoting *Morton Intl, Inc. v. Cardinal Chem. Co.*, 5 F.3d 1464, 1470 (Fed. Cir. 1993)).

136. "The standard of indefiniteness is somewhat high; a claim is not indefinite merely because its scope is not ascertainable from the face of the claim. . . . Rather, a claim is indefinite under § 112 ¶ 2 if it is 'insolubly ambiguous, and no narrowing construction can properly be adopted.'" *Amgen Inc.*, 314 F.3d at 1342.

137. "A claim is indefinite if, when read in light of the specification, it does not reasonably apprise those skilled in the art of the scope of the invention." *Id.*

138. There is no disclosure in the '731 patent that informs one skilled in the art what portion of the racquet constitutes a "region."

139. The '731 patent does not sufficiently inform persons skilled in the art as to "the regions where the length of said ends is greater."

140. Mr. Garrett's testimony of what constitutes a "region" is vague and arbitrary. Members of the public are not on notice of what constitutes a "region" regarding the '731 patent.

141. Figure 8 indicates that the "corners" contain both main and cross strings and that the "sides" contain only cross strings. Figure 8 does not indicate where, on any given tennis racquet, the "corners" end and the "sides" begin.

142. The specification suggests that the term "corners" refers to the "transition regions" where the string ends are shortest. The specification does not indicate how to determine whether a string end is in the "sides" or the "corners."

143. The '731 patent does not clearly delineate the boundary between the "sides" and the "corners" for those strings in between.

144. Claims 3-5 of the '731 patent are invalid as a matter of law for indefiniteness.

III.

The Court's Additional Rulings

The Court has ruled against Plaintiff AAI and in favor of Defendant Benetton on Plaintiffs claim of infringement based on Count 1. The Court further has concluded, in the alternative, that the '731 patent is invalid based on indefiniteness. The Court concludes that it is unnecessary to consider any of the other defenses asserted by Defendant Benetton in this case.

Mr. Robert Smith was lead counsel on behalf of Defendant Benetton. Plaintiff AAI called Mr. Smith as a witness during its case-in-chief. (Doc. 217, at p. 153). Defendant Benetton also called Mr. Smith as a witness. (Doc. 218, at p. 328).

"The proscription against an attorney serving as both an advocate and a witness in the same litigation is a long-standing ethical rule." *Federal Deposit Ins. Corp. v. United States Fire Ins. Co.*, 50 F.3d 1304, 1311 (5th Cir. 1995).

The Court does not have before it any motion to disqualify Mr. Smith but such practice is strongly disfavored by this Court.

Plaintiff AAI's motion for remedies of spoilation (Doc. 174) is denied.

Plaintiff AAI has filed a motion for order on payment of its expert witnesses Frank Garrett and Dr. Mark Kuga. (Doc. 180). Defendant Benetton filed a response acknowledging that it would pay a reasonable fee as determined by the Court. (Doc. 186). At a hearing on July 13, 2004, the Court permitted Benetton to take the depositions of these witnesses. It further directed the parties to submit information on reasonable fees before the end of trial. The Court is not aware of any such submissions by the parties. The Court will deny as moot Plaintiffs motion for order on payment of its expert witnesses. (Doc. 180).

Defendant's motion to file motion in limine to limit testimony of Plaintiffs expert witnesses (Doc. 184) is granted to the extent that it permits the motion in limine to be filed. Defendant's motion to limit the testimony of Plaintiffs experts is denied.

Plaintiffs motion to strike Exhibit 16 (Doc. 189) is denied as moot. The exhibit list shows that this exhibit, referred to as Exhibit 216, was not admitted at trial.

Plaintiffs objections to Defendant's Fed.R.Civ.P. 30(b)(6) designation of Mizuno Corporation (Doc. 231) are denied as moot.

Accordingly,

IT IS ORDERED that Plaintiff shall take nothing on its claim ofpatent infringement based on claims 3-5 as asserted in Count 1, the remaining claim in the complaint.

IT IS FURTHER ORDERED that Judgment shall be entered in favor of Defendant and against Plaintiff on Count 1, the remaining claim in the complaint.

DATED this 31st day of March, 2005.

/s/ Mary H. Murguia
MARY H. MURGUIA
United States District Judge

APPENDIX C

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

[Filed May 3, 2004]

No. CIV 98-1953-PHX-MHM

ATHLETIC ALTERNATIVES, INC.,
Plaintiff,

vs.

BENETTON TRADING USA, INC. (Formerly Benetton Sportsystem USA, Inc., and Successor in interest to Prince Manufacturing, Inc.),
Defendant.

ORDER

The Court previously denied the parties' cross-motions for summary judgment (Dkt. no. 127). Defendant has filed a motion for partial reconsideration and clarification of that Order (Dkt. no. 130) and Plaintiff has filed a response in opposition (Dkt. no. 136). Also before the Court is Plaintiffs motion for jury trial (Dkt. no. 137) and Defendant's motion to strike Plaintiffs jury trial demand (Dkt. no. 135, see also Dkt. nos. 2 & 141). In addition, Defendant recently filed a motion for leave to file an amended answer (Dkt. no. 146) which Plaintiff opposes (Dkt. no. 149). The Court enters the following Order with respect to these pending motions.

I.

Defendant's Motion for Partial Reconsideration and Clarification.

The Court determined in the Order denying the parties' cross-motions for summary judgment that the question of

whether string 17 is a "side string" or a "corner string" is a genuine issue of material fact that precluded summary judgment and that summary judgment likewise was precluded on claims 4, 5 and 6 of the '731 patent—claims that are dependent on claim 3. The Court further determined that facts brought forth in Plaintiffs summary judgment motion were sufficient to create a genuine issue of material fact on the issue of infringement. Defendant has moved for partial reconsideration of the Court's ruling, contending that the Court improperly considered the Declaration of Michael K. Kelly, a patent attorney allegedly not competent to offer expert testimony under Fed.R.Civ.P. 702. The Kelly Declaration was submitted by Plaintiff in support of its motion for summary judgment.

Motions for reconsideration should be granted only in rare circumstances. *Defenders of Wildlife v. Browner*, 909 F. Supp. 1342, 1351 (D.Ariz. 1995). "Reconsideration is appropriate if the district court (1) is presented with newly discovered evidence, (2) committed clear error or the initial decision was manifestly unjust, or (3) if there is an intervening change in controlling law." *School Dist. No. 1J. Multnomah County, Or. v. ACandS Inc.*, 5 F.3d 1255, 1263 (9th Cir. 1993). "The purpose of a motion for reconsideration is to correct manifest errors of law or fact or to present newly discovered evidence." *Harsco Corp. v. Zlotnicki*, 779 F.2d 906, 908 (3d Cir. 1985).

Plaintiff's discussion in support of its motion for summary judgment included reference to Defendant's exhibits in support of its summary judgment motion, information contained in the Kelly Declaration by "illustration", and visual inspection of the Vortex and Extender rackets. The Court considered "all of the pleadings and exhibits" in denying the cross-motions for summary judgment. Further reconsideration and clarification of the Court's ruling is not warranted. Defendant's motion for partial reconsideration and clarification is denied.

2.

Plaintiffs Demand for a Jury Trial.

On October 28, 1998, Plaintiff filed the Complaint and a demand for jury trial (Dkt. no. 2). The Complaint and Summons were served on Defendant on January 28, 1999. Plaintiffs jury demand was not served on Defendant. Defendant contends that it first learned of Plaintiffs demand for jury trial on June 30, 1999 when Plaintiff forwarded to Defendant the draft of the Joint Proposed Case Management Plan. Defendant objected to the statement in the Joint Proposed Case Management Plan that a demand for jury trial had been made. Plaintiff responded to Defendant that it had requested a jury trial and Defendant acquiesced in this representation. The parties filed their Joint Proposed Case Management Plan on July 2, 1999 as indicating that a jury trial had been requested (Dkt. no. 8 at para. 15). On July 18, 1999, Plaintiff "forwarded" its demand for jury trial to Defendant.

Plaintiff does not appear to contest Defendant's assertion that Plaintiff did not serve its jury demand on Defendant along with the Complaint and Summons. Rather, Plaintiff contends that Defendant has waived its right to object to Plaintiffs jury demand because Defendant did not raise the issue, or at least acquiesced to it, during the parties' preparation of the Joint Proposed Case Management Plan. Defendant, on the other hand, contends that Plaintiff did not timely serve its jury demand and Plaintiff has waived its right to trial by jury.

Federal Rule of Civil Procedure 38(b) provides as follows:

> Any party may demand a trial by jury of any issue triable of right by a jury by (1) serving upon the other parties a demand therefor in writing at any time after the commencement of the action and not later than 10 days after the service of the last pleading directed to such issue, and (2) filing the demand as required by Rule

> 5(d). Such demand may be indorsed upon a pleading of the party.

Fed.R.Civ.P. 38(d) provides that "[t]he failure of a party to serve and file a demand as required by this rule constitutes a waiver by the party of trial by jury." For purposes of Rule 38(b), the "last pleading" is the answer to the pleading that raises the issue triable of right by a jury. *See United States v. California Mobile Home Park Management Co.*, 107 F.3d 1374, 1378 (9th Cir. 1997). Defendant filed its answer on March 15, 1999 (Dkt. no. 4). It appears undisputed that while Plaintiff timely filed its demand for a jury trial as provided under Rule 38(b), Plaintiff failed to timely serve its jury demand on Defendant. In *Wall v. National R.R. Passenger Corp.*, 718 F.2d 906, 908 (9th Cir. 1983), the plaintiff was held to have waived his right to a jury trial where he checked the "jury demand" box on the civil cover sheet that was filed with the court but not served on the opposing party.

The Court is afforded discretion under Fed.R.Civ.P. 39(b), and, upon motion, may relieve a party from a waiver and order trial by jury. The discretion of the Court is narrow and does not permit relief to be granted "when the failure to make a timely demand results from an oversight or inadvertence." *Pacific Fisheries Corp. v. HIH Cas. & General Ins., Ltd.*, 239 F.3d 1000, 1002 (9th Cir. 2001). "An untimely request for a jury trial must be denied unless some cause beyond mere inadvertence is shown." *Id.; see also Boice v. United States*, 87 F.R.D. 494, 496 (D.Ariz. 1980)("Unless a party can show some reason beyond oversight or inadvertence for not having made a timely demand for jury trial, the moving party should not be relieved of the responsibility of complying with the applicable procedural rules.").

It initially appears to the Court that Plaintiff inadvertently or through oversight failed to timely serve its jury demand on Defendant. Plaintiff has offered no explanation beyond inadvertence or oversight to excuse the omission, such as, for

example, plaintiff timely filed the jury trial demand and submitted it to the process server but the process server failed to serve the demand, as occurred in *Ruiz v. Rodriguez*, 206 F.R.D. 501, 505 (E.D.Cal. 2002). Plaintiff does contend, however, that "unique circumstances" distinguish this case from other cases where arguably a jury trial waiver occurred. Plaintiff cites several factors in support of its "unique circumstances" claim. First, according to the Plaintiff, the parties have been in litigation since 1992 and a jury trial was demanded in one of the earlier cases. Second, Plaintiff sent Defendant a copy of the Complaint in late 1998 and the parties attempted to resolve their disputes before actual service of the Complaint was accomplished in January 1999; therefore service was not accomplished through the traditional process server or service on a statutory agent Third, Plaintiff asserts that Defendant knew that Plaintiff had made a jury demand even though the demand was not served with the Complaint. Finally, Plaintiff suggests that "controlling precedent is that of the Federal Circuit, not the Ninth Circuit". The Court is not sure of the reason for this assertion—Plaintiff further acknowledges that "the Federal Circuit will consider the law of the regional circuit on this question", thereby indicating that Ninth Circuit precedent is controlling.

Defendant has responded to Plaintiff's "unique circumstances "argument by contending that it has not "unambiguously and determinedly" consented to trial by jury. Defendant states that it acquiesced in the jury trial statement the parties inserted in the Joint Proposed Case Management Plan in reliance on Plaintiffs representation that it had properly demanded a jury trial.

The Court has considered the alleged "unique circumstances" cited by the Plaintiff and Defendant's assertion that it has not "unambiguously and determinedly" consented to a jury trial. The Court is puzzled by Defendant's failure to ascertain whether Plaintiff had timely and properly demanded

a jury trial before agreeing to the Joint Proposed Case Management Plan filed on July 2, 1999 (Dkt. no. 8). The Court also is puzzled by Plaintiffs failure to move for permission to serve its jury demand out-of-time at least on or about July 18, 1999 when it "forwarded" to Defendant its demand for jury trial following Defendant's objection regarding the Joint Proposed Case Management Plan. *See, e.g., Raymond v. International Business Machines Corp.*, 148 F.3d 63, 66 (2d Cir. 1998) (district court did not abuse its discretion in granting plaintiff leave to serve a jury demand out of time). *See also, Boice*, 87 F.R.D. at 495 (suggesting that district court in its discretion can order a jury trial under Rule 39(b) upon a showing of excusable neglect or mistake). Plaintiff did not file its pending motion for jury trial until December 22, 2003 (Dkt. no. 137).

It remains, however, that Plaintiff through inadvertence or oversight failed to timely serve the jury demand on Defendant. The Ninth Circuit has held that "the district court's discretion under Rule 39(b)" "'does not permit a court to grant relief when the failure to make a timely demand results from an oversight or inadvertence' such as a good faith mistake of law with respect to the deadline for demanding a jury trial." *See Zivkovic v. Southern California Edison Company*, 302 F.3d 1080, 1086-87 (9th Cir. 2002). Plaintiff has not demonstrated cause for not timely serving the jury demand beyond oversight or inadvertence. Defendant's motion to strike Plaintiffs jury demand is granted. Plaintiffs motion for jury trial is denied.

3.

Defendant's Motion to File First Amended Answer.

Defendant has requested leave to file its First Amended Answer in order to assert a new defense, that is, that Plaintiff is barred from recovering certain damages based on the alleged failure of its licensees to apply a proper patent

marking to the licensed products. Defendant contends that this new defense will obviate the need for discovery on damages and simplify trial because nearly all of the sales of the offending racquets occurred prior to October 28, 1998, the date Plaintiff filed the instant suit. Defendant's proposed amended answer also deletes two presently pleaded affirmative defenses of equitable estoppel and laches. Plaintiff opposes Defendant's motion to amend its answer, contending that because the parties have been actively in litigation against each other since 1992 Defendant cannot now argue in good faith that Plaintiff never gave Defendant notice of infringement of the '731 patent under 35 U.S.C. § 287 or that Defendant had no actual knowledge of the patent prior to October 28, 1998. Plaintiff contends that Defendant's motion to amend its Answer is untimely as filed on the eve of trial, futile and brought in bad faith.

At this point in the proceedings, absent written consent from the adverse party, a party may amend the party's pleading only by leave of court "and leave shall be freely given when justice so requires." Fed.R.Civ.P. 15(a). This latter policy "'is to be applied with extreme liberality.'" *Owens v. Kaiser Foundation Health Plan, Inc.*, 244 F.3d 708, 712 (9th Cir. 2001) (quoting *Morongo Band of Mission Indians v. Rose*, 893 F.2d 1074, 1079 (9th Cit. 1990)). Inferences should be drawn "in favor of granting the motion" to amend. *Griggs v. Pace American Group, Inc.*, 170 F.3d 877, 880 (9th Cir. 1999). In determining whether leave to amend is appropriate, the district court considers the presence of any of the following four factors: bad faith, undue delay, prejudice to the opposing party, and/or futility. *Owens*, 244 F.3d at 712.

The Court has considered Defendant's motion in the context of these four factors. Plaintiff contends that it does not believe that Defendant's new defense will obviate the need for discovery on damages or simplify trial. Defendant

represents in its papers, however, that its amended answer will not require Plaintiff to seek additional discovery because Defendant's acts and documents are irrelevant to whether Plaintiff complied with the marking statute. A need to re-open discovery and delay in the proceedings will support a district court's finding of prejudice from a delayed motion to amend. *Owens*, 244 F.3d at 712 (citing *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 986 (9th Cir. 1999)).

The discovery deadline in this case is June 11, 2004 and trial is not set to commence until July 13, 2004 (Dkt. no. 126). Any prejudice that Plaintiff might claim is therefore limited at this point because the parties have not completed discovery. Moreover, even assuming that Defendant has unreasonably delayed seeking to file an amended answer, "'[u]ndue delay by itself . . . is insufficient to justify denying a motion to amend.'" *Owens*, 244 F.3d at 712-13 (quoting *Bowles v. Reade*, 198 F.3d 752, 758 (9th Cir. 1999)). The Court's consideration of undue delay appears to counsel in favor of granting Defendant's motion to amend.

The Court has concerns, however, regarding the parties' assertions relevant to the three remaining factors of prejudice, futility and bad faith. Plaintiff contends that Defendant had actual knowledge that others have licensed its patents and that it is disingenuous for Defendant to now contend that it has learned for the first time facts that give rise to a defense that it was never given notice of the infringement of the '731 patent. Defendant in its reply (Dkt. no. 150) argues that notice requires more than informing the accused infringer of the patent and that whether Defendant knew about the patent is irrelevant in determining whether the patentee complied with the marking statute. Defendant further contends that it only recently obtained information relevant to the defense it now seeks to assert in the Amended Answer. Defendant also contends that, regardless of whether Defendant is permitted to amend its answer, Plaintiff has the burden of pleading and of

proving at trial that it complied with the marking statute. Plaintiff further must plead and prove that it gave actual notice to Defendant of infringement in order to be entitled to recover damages for sales prior to October 28, 1998. Defendant indicates that it plans to file a motion for summary judgment based on Plaintiffs alleged failure to mark and other issues (Dkt. no. 150 at p. 4).

Based on Defendant's argument, the proposed amendment adding the new defense appears to have some legal basis. It further appears that the proposed amendment will have little or no effect on the present nature of the litigation, that is, the new defense will not substantially alter Plaintiffs presentation of its case-in-chief. The Court therefore finds Defendant's argument on the issues of prejudice, futility and bad faith somewhat persuasive. The Court notes, however, that Plaintiff has requested oral argument on Defendant's motion to amend and further, that an evidentiary hearing be held to determine when, how and where Defendant learned of the alleged new information that some of Plaintiffs licensed products lacked proper patent marking. The Court does not believe that an evidentiary hearing is necessary in view of Defendant's recitation in its reply (Dkt. no. 150) that appears to address the "when, how and where" issues raised by Plaintiff. The Court, however, will permit Plaintiff to file a memorandum, not to exceed six pages, that addresses the legal issues Defendant has raised in its reply, that is, whether Defendant's knowledge of the '731 patent is irrelevant in determining whether the patentee complied with the marking statute, whether Plaintiff must plead and prove that it gave Defendant actual notice of infringement, and whether Plaintiff has the burden of pleading and proving at trial that it complied with the marking statute regardless of whether Defendant is permitted to amend its answer. The Court also will grant Plaintiffs request for oral argument on Defendant's motion to amend as set forth below.

Accordingly,

IT IS ORDERED Defendant's motion for partial reconsideration and clarification (Dkt. no. 130) is denied.

IT IS FURTHER ORDERED that Defendant's motion to strike Plaintiffs jury trial demand (Dkt. no. 135) is granted.

IT IS FURTHER ORDERED that Plaintiffs motion for jury trial (Dkt. no. 137) is denied.

IT IS FURTHER ORDERED that Defendant's motion for leave to file a First Amended Answer (Dkt. no. 146) will be heard by the Court on Wednesday, May 12, 2004, at 1:30 p.m.

IT IS FURTHER ORDERED that on or before May 7, 2004, Plaintiff shall file a memorandum, not to exceed six pages, that addresses the legal issues raised by Defendant in its reply (Dkt. no. 150) relevant to Defendant's motion for leave to file First Amended Answer.

DATED this 29th day of April, 2004.

/s/ Mary H. Murguia
MARY H. MURGUIA
United States District Judge

APPENDIX D

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

[Filed APR 26, 2006]

05-1378

ATHLETIC ALTERNATIVES, INC.,
Plaintiff-Appellant,

v.

BENETTON TRADING USA, INC., (formerly known as Benetton Sportsystem USA, Inc. and Successor in Interest to Prince Manufacturing, Inc.),
Defendant-Appellee.

ORDER

Before MICHEL, *Chief Judge*, MAYER, *Circuit Judge*, and BRYSON, *Circuit Judge*.

A petition for rehearing having been filed by the Appellant,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED. The mandate of the court will issue on May 3, 2006.

FOR THE COURT,

/s/ Jan Horbaly
JAN HORBALY
Clerk

Dated: 04/26/2006

cc: Daniel D. Maynard
Robert B. Smith

APPENDIX E

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

05-1378

ATHLETIC ALTERNATIVES, INC.,
Plaintiff-Appellant,

v.

BENETTON TRADING USA, INC., (formerly known as Benetton Sportsystem USA, Inc., and Successor in Interest to Prince Manufacturing, Inc.)
Defendant-Appellee.

Appeal from the United States District Court
for the District of Arizona in
case no. 98-CV-1953, Judge Mary H. Murguia.

JUDGMENT

This CAUSE having been heard and considered, it is ORDERED and ADJUDGED:

AFFIRMED IN PART and REVERSED IN PART.

DATED: MAR 31, 2006

ISSUED AS A MANDATE: May 3, 2006

ENTERED BY ORDER OF THE COURT

/s/ Jan Horbaly
JAN HORBALY, Clerk

APPENDIX F

Constitutional Provisions

The Seventh Amendment of the Constitution provides:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

APPENDIX G

Statutory and Regulatory Provisions

Federal Rule of Evidence 702 provides:

> If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliable to the facts of the case.

Federal Rules of Civil Procedure Rule 26(a)(2)(A) and (B) provides:

> (2) Disclosure of Expert Testimony
>
> (A) In addition to the disclosures required by paragraph (1), a party shall disclose to other parties the identity of any person who may be used at trial to present evidence under Rules 702, 703, or 705 of the Federal Rules of Evidence.
>
> (B) Except as otherwise stipulated or directed by the court, this disclosure shall, with respect to a witness who is retained or specially employed to provide expert testimony in the case or whose duties as an employee of the party regularly involve giving expert testimony, be accompanied by a written report prepared and signed by the witness. The report shall contain a complete statement of all opinions to be expressed and the basis and reasons therefor; the data or other information considered by the witness in forming the opinions; any exhibits to be used as a summary of or support for the opinions; the quali-

fications of the witness, including a list of all publications authored by the witness within the preceding ten years; the compensation to be paid for the study and testimony; and a listing of any other cases in which the witness has testified as an expert at trial or by deposition within the preceding four years.

F.R.C.P. Rule 38, Jury Trial of Right, states:

(a) Right Preserved.

The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate.

(b) Demand.

Any party may demand a trial by jury of any issue triable of right by a jury by (1) serving upon the other parties a demand therefor in writing at any time after the commencement of the action and not later than 10 days after the service of the last pleading directed to the issue, and (2) filing the demand as required by Rule 5(d). Such demand may be indorsed upon a pleading of the party.

(c) Same: Specification of Issues.

In the demand a party may specify the issues which the party wishes so tried; otherwise the party shall be deemed to have demanded trial by jury for all the issues so triable. If the party has demanded trial by jury for only some of the issues, any other party within 10 days after service of the demand or such lesser time as the court may order, may serve a demand for trial by jury of any other or all of the issues of fact in the action.

(d) Waiver.

The failure of a party to serve and file a demand as required by this rule constitutes a waiver by the party of,

trial by jury. A demand for trial by jury made as herein provided may not be withdrawn without the consent of the parties.

28 U.S.C. § 1861, Declaration of Policy, provides:

It is the policy of the United States that all litigants in Federal courts entitled to trial by jury shall have the right to grand and petit juries selected at random from a fair cross section of the community in the district or division wherein the court convenes. It is further the policy of the United States that all citizens shall have the opportunity to be considered for service on grand and petit juries in the district courts of the United States, and shall have an obligation to serve as jurors when summoned for that purpose.

APPENDIX H

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

[Filed Oct. 28, 1998]

No. CIV 98-1953 PHX RGS

ATHLETIC ALTERNATIVES, INC.,
an Arizona corporation,
Plaintiff,

vs.

PRINCE MANUFACTURING, INC.,
a foreign corporation,
Defendant.

DEMAND FOR JURY TRIAL

Athletic Alternatives, Inc. ("AAI"), Plaintiff, pursuant to the provisions of Rule 38(b), Federal Rules of Civil Procedure, hereby demands a trial by jury of all issues triable of right by a jury in the above-entitled action.

DATED this 27th day of October, 1998.

MAYNARD MURRAY CRONIN
& O'SULLIVAN, P.L.C.

By: /s/ Douglas C. Erickson
DANIEL D. MAYNARD
DOUGLAS C. ERICKSON
BRADLEY P. HARTMAN
3200 North Central Avenue
Suite 2300
Phoenix, Arizona 85012
Attorneys for Plaintiff

ORIGINAL of the foregoing filed this 27th day of October, 1998, with:

United States District Court
230 North First Avenue
Phoenix, Arizona 85025

/s/ Naomi Bryson
NAOMI BRYSON

APPENDIX I

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

[Filed JUL 2, 1999]

No. CIV 98-1953 PHX RGS

ATHLETIC ALTERNATIVES, INC.,
an Arizona corporation,
Plaintiff,

vs.

PRINCE MANUFACTURING, INC.,
a foreign corporation,
Defendant.

JOINT PROPOSED CASE MANAGEMENT PLAN
(Scheduling Conference set for July 12, 1999)

Athletic Alternatives, Inc. ("AAI") and Prince Manufacturing, Inc. ("Prince") submit the following joint plan in advance of the scheduling conference set for July 12, 1999. Counsel for the parties met in person in Phoenix, Arizona, on June 2, 1999, Robert Smith appearing telephonically, to conduct the "early meeting of counsel" under Rule 26(f), Federal Rules of Civil Procedure. By signing this plan, counsel and the parties are not endorsing or adopting the positions and statements directly attributed to the other party.

1. The nature of the case: the factual and legal basis of Plaintiffs claims and Defendant's defenses.

Plaintiffs Claims:

Plaintiff is the assignee of certain patents protecting methods of stringing tennis racquets to enhance performance. One primary feature involves splaying the strings in a

particular fashion. A patent application for the concept of staggered or splayed strings and related inventions was filed in 1988. Patent no. 5,037,097 (hereinafter "'097") was issued on August 6, 1991. A second patent (no. 5,197,731 or "'731"), and the one at issue in this litigation, was issued on March 30, 1993. It is a continuation of patent '097. The patent rights were assigned to AM. Claims 1 and 2 with respect to patent '731 initially were denied by the patent examiner. However, the Board of Patent Appeals and Interferences reversed that decision on reexamination and upheld claims 1 and 2, along with 8 and 9, on July 30, 1998. Claims 3-7 have been valid since issuance of the patent.

Jim Speros, one of the inventors, initially had contact with the defendant, Prince, in early 1989. Over the course of discussions with Prince, information concerning the ideas and inventions embodied in the patents was disclosed confidentially to Prince. Negotiations did not result in any formal agreements for licensing. At some point after the initial discussions between Speros and Prince representatives, Prince began producing, marketing, and selling tennis rackets that directly infringed the applicable patents. A lawsuit was filed in 1993 concerning the '731 patent, its validity, and infringement issues. That case was consolidated with a 1992 case alleging infringement of the earlier patent. Due to the uncertainty created by the appeal concerning Claims 1 and 2, and to avoid an indefinite idling of the litigation, the parties agreed to a dismissal of that litigation pending the determination by the Board of Patent Appeals and Interferences.

Defendant's Defenses:

AAI's complaint alleges that Prince's Vortex tennis racquet (and later racquet models with the same staggered stringing pattern) infringes upon its U.S. patent No. 5,197,731 (Count One) and that Prince, when designing the Vortex racquet in 1990, breached a secrecy agreement between the parties by using AM's trade secrets (Count Two). AAI further

alleges that Prince's acts of patent infringement of the '731, along with an earlier AAI patent (No. 5,037,097), constitute "unfair competition".

The subject matter of this suit is the same as in a prior consolidated action between the same parties, CIV92-0176 PHX RGS and CIV93 0765 PHX CAM, except that AAI is alleging that sales of Prince's Vortex tennis racquet infringes the '097 patent under an unfair competition theory rather than the patent laws. The prior lawsuit concluded with a voluntary dismissal by AM of its breach of contract and trade secret counts; a subsequent final judgment, affirmed on appeal, that Prince's Vortex racquet does not infringe AAI's '097 patent; and finally a representation by AAI to the court that it was not alleging infringement of any of claims 3-6 of its '731 patent (the only claims of such patent then existing), leading Prince to the dismiss its declaratory judgment action.

On October 13, 1998, after the prior lawsuit had been terminated, the Patent and Trademark Office ("PTO") granted AAI five new or amended claims in its '731 patent, namely, Reexamination claims 1-2 and 7-9, and this lawsuit followed. However, instead of restricting the lawsuit to its newly created cause of action based on claims 1-2 and 7-9, AAI seeks to resurrect the subject matter of the prior, terminated lawsuit by re-alleging breach of contract and trade secret misappropriation, and asserting infringement of claims 3-6 of its '731 patent. i.e., the claims it chose not to assert in the prior litigation.

Prince believes that AAI's allegations of infringement of claims 3-6 of its '731 patent are precluded under the doctrines of claim preclusion and equitable estoppel; that its racquets do not infringe claims 3-6; and that claims 3-6 of the '731 patent are invalid based on prior art not considered by the PTO.

With regard to AAI's breach of contract claim (Count Two), this court and the Federal Circuit have already found that Prince did not use AAI trade secrets to design the Vortex tennis racquet. Moreover, AM's breach of contract claim is barred by the statute of limitations and the doctrine of claim preclusion.

Count Three of the complaint, which asserts that Prince's acts of infringing AAI's '097 and '731 patents constitute "unfair competition", is preempted by the Federal Patent Statute (as well as by claim preclusion).

The only justiciable cause of action in this lawsuit involves newly issued Reexamination claims 1-2 and 7-9. Prince alleges that such claims are invalid over the prior art. Even if such claims were found to be valid, by statute AAI can assert infringement only with respect to tennis racquets sold on or after October 13, 1988, i.e., the date of the Reexamination Certificate. Under the Patent statute, a determination of whether AAI is entitled to any compensation for sales made after such date, and the amount (if any) of such compensation, are subject to the discretion of the court.

2. Elements of Proof.

Plaintiff's Claims:

A. Count One (Infringement)

i. Existence of Patent (35 U.S.C. § 271)

ii. Validity of Claims (35 U.S.C. § 271)

iii. Infringement (35 U.S.C. § 271)

iv. Damages (35 U.S.C. §§ 271, 284, 286)

v. Wilfulness (optional) (35 U.S.C. § 284)

B. Count Two (Breach of Contract)

i. Existence of Contract (RAJI (3d), *Contract* No. 2. *Accord Brignoli v. Balch Hardy and Scheinman, Inc.*, 645 F. Supp. 1201 (S.D.N.Y. 1986))

ii. Breach (*Id.*)

iii. Causation (RAJI (3d), *Contract* Nos. 17-19)

iv. Damages (*Id.*)

C. Count Three (Unfair Competition)

i. Act or Practice Resulting in Unfair Advantage in the Marketplace (*See Fairway Constructors, Inc. v. Ahern*, 193 Ariz. 122, 970 P.2d 954 (Ct. App. 1998); Brignoli v. Balch Hardy and Scheinman, Inc., 645 F. Supp. 1201 (S.D.N.Y. 1986))

ii. Causation (*Id.*)

iii. Damages (*Id.*)

D. Count Three (Alternatively Stated as Misappropriation of Trade Secrets)

i. Existence of a Trade Secret

ii. Acquisition of Trade Secret(s) by Virtue of a Confidential Relationship

iii. Unauthorized Use of Trade Secret by Defendant (*See, e.g., VeKamaf v. Pipe Benders, Inc.*, 696 F.2d 608, 612 (8th Cir. 1982)).

Defendant's Affirmative Defenses:

A. Count One (Patent Infringement)

i. Invalidity

ii. Non-infringement of patent claims 3-7

iii. Intervening rights re patent claims 1-2 and 7-9 under 35 U.S.C. § 307

iv. Claim preclusion re patent claims 3-6

v. Equitable Estoppel re patent claims 3-6

vi. Laches re patent claims 3-6

vii. Unenforceability due to inequitable conduct

viii. Patent is legally void because the application on which it is based was abandoned

B. Count Two (Breach of Contract)

i. Statute of Limitations

ii. Claim preclusion

iii. Equitable Estoppel

C. Count Three (Unfair Competition)

i. Fails to state a claim

ii. Federal preemption

iii. Statute of Limitations

iv. Claim preclusion

v. Equitable Estoppel

D. Count Three (Alternately Stated As Misappropriation of Trade Secrets)

i. Fails to state a claim

ii. Federal preemption

iii. Statute of Limitations

iv. Claim preclusion

v. Equitable Estoppel

3. The factual and legal issues genuinely in dispute and whether they can be narrowed by stipulation or motions.

AAI believes that the validity of the '731 patent is one legal issue that may be resolved on summary judgment after the parties have followed the Initial Disclosure and discovery procedures. The other issues that are in dispute and susceptible to early determination after preliminary discovery are infringement and wilfulness. AAI believes that the remaining issues in dispute are likely to require full discovery and litigation. They include breach of contract, misappropriation of trade secrets, unfair competition, and damages.

Prince believes that all of Plaintiffs claims can be resolved at summary judgment. In particular, Prince will argue that various claims are barred by the doctrine of claim preclusion and the statute of limitations.

4. The jurisdictional basis of the case, citing specific statutes.

The two companies are incorporated and have principal places of business in different states. The amount in controversy, exclusive of interests and costs, exceeds $75,000. The case also involves patent infringement. Jurisdiction is granted by 28 U.S.C. §§ 1331, 1332, 1337(a), 1338(a), and 1367. The Court has supplemental jurisdiction over the state law claims, which arise out of a common nucleus of operative facts with the federal claims, pursuant to 28 U.S.C. § 1367.

5. The parties, if any, that have not been served.

None.

6. The names of parties not subject to the Court's jurisdiction.

None.

7. Whether there are further dispositive or partially dispositive issues to be decided by pre-trial motions.

As described in Section 2 above, AAI expects that patent validity, infringement, and wilfulness may be resolved after discovery by summary judgment. AAI believes that there are likely to be genuine issues of material fact as to other issues.

Prince expects to bring summary judgment motions on all of Plaintiffs claims and believes that all of Plaintiffs claims can be resolved at summary judgment.

8. Whether the case is suitable for reference to arbitration, to a special master, or to a United States Magistrate Judge for trial.

This case is not suitable for any of the referenced alternatives. However, the parties are amenable to a Magistrate Judge being appointed for handling any discovery disputes that cannot be resolved between the parties.

9. The status of related cases pending before other judges of this court or before other courts.

None.

10. A statement of when Initial Disclosures were made or will be made, or any proposed changes in the requirements for Initial Disclosures set forth in Rule 26(a), Federal Rules of Civil Procedure.

The parties agree that as long as it is filed by July 12, 1999, Defendant's potentially dispositive motion should be ruled upon before significant resources are expended on discovery. Initially, only that formal discovery necessary to allow Plaintiff to respond to the summary judgment motion is contemplated. After a ruling on such motion(s), discovery/disclosure should proceed as follows:

(a) *The Initial Disclosures.* As contemplated by Rule 26(a)(1), Initial Disclosures would have been due on or

before June 16, 1999. However, in light of the significant litigation history between the parties, counsel stipulate that Initial Disclosures will be made 30 days after the Court's ruling on any summary judgment motion filed on or before July 12, 1999. If no motions are filed by that date, Initial Disclosures shall be made on or before August 12, 1999.

(b) *Expert Disclosures.* Expert disclosures as described in Rule 26(a)(2) shall be made within 90 days of the Court's ruling on any summary judgment motion filed on or before July 12, 1999. If no such motion is filed, expert disclosures shall be made by each party on or before October 12, 1999.

(c) *Pretrial Disclosures.* The remaining Pretrial Disclosures as described in Rule 26(a)(3) shall be made 120 days after the expert disclosures.

11. Proposed deadlines for:

(a) discovery;

The parties agree that discovery in stages is appropriate. The first phase will be limited to that discovery need by AAI to respond to any potentially dispositive motions filed by Prince on or before July 12, 1999. The second phase should cover all remaining issues, including damages.

(b) filing dispositive motions;

The parties agree that dispositive motions will be filed by March 31, 2000, barring unforeseen problems or delays in discovery. Any responding brief shall not be due until forty-five (45) days after the filing of the pertinent dispositive motion.

(c) expert testimony;

See Section 10(b), above, concerning expert disclosures.

(d) filing pre-trial statement;

The parties agree that a joint pre-trial statement should be filed thirty (30) days before trial, at or within two days of the final pre-trial conference.

12. Discovery.

See Section 11, above, concerning the scope and phases of discovery.

13. Suggested changes, if any, in the limitations on discovery imposed by Local Rule 2.12.

At the present time, it appears that this case should be on the Standard Track and that no changes from the discovery limitations are necessary. This action does not appear to warrant consideration as a complex matter. Entry of a protective order, however, may be necessary prior to full disclosure and discovery.

14. Estimated date and length of trial.

The parties expect that the case will be ready for trial by May 2000. Preliminary estimate: 2-3 weeks.

15. Whether a jury trial has been requested.

Plaintiff demanded a jury.

16. The prospects for settlement. Does any party wish to have a settlement conference with another District Judge or Magistrate Judge? How can settlement efforts be assisted?

The parties have engaged in limited settlement discussions and have not reached an agreement. The parties would like a settlement conference after they have exchanged the Initial Disclosures described in paragraph 10.

17. Class Action Issues.

Not applicable.

18. Any unusual, difficult, or complex problems affecting the conduct of the case or which would require the case to be placed on the complex track for case management purposes pursuant to Local Rule 2.12.

Not at this time.

19. Computer Technologies.

The parties have not assessed the need for or utility of various computer technologies for presentations or discovery at this time.

20. Any other matters which counsel believes will aid the Court in expediting the disposition of this matter efficiently.

Not at this time.

All stipulations, agreements, and proposals set forth above are subject to Court approval at the Pretrial Conference, which is scheduled for July 12, 1999.

By: /s/ Douglas C. Erickson for Dated: 7/2/99
DANIEL D. MAYNARD
Maynard Murray Cronin &
O'Sullivan
Attorneys for Plaintiff AAI

By: /s/ Robert B. Smith Dated: July 1, 1999
ROBERT B. SMITH
White & Case
Attorneys for Defendant Prince

By: /s/ _____ Dated: _____
Mark Harrison
Bryan Cave
Attorney for Defendant Prince

APPENDIX J

DRAFT

DIRECT TESTIMONY OUTLINE OF

STEPHEN J. DAVIS

Q Would you state your name for the record?

A Stephen J. Davis

Q By whom are you currently employed?

A Prince Sports, Inc.

Q What is your position at Prince Sports?

A.

Q Is Prince Sports related to Benetton?

A No, the companies are not related. Prince Sports purchased the Prince sporting goods business from Benetton last year.

Q What are your current responsibilities at Prince Sports?

A

Q Could you summarize your educational background since high school?

A

Q What did you do after college?

A In 1981, I joined Head Sports, Inc.

Q What did you do at Head Sports?

A

Q How long did you remain at Head?

A until 1987.

Q What did you do in 1987?

A joined Prince Manufacturing

Q How long did you remain at Prince?

A until Benetton sold the company in 2003

Q Could you describe what you did during your years at Prince Manufacturing?

A Director of Research and Development; in 1999 the R&D group moved to Venegazzu, Italy.

Q How many ten racquet products have you worked on in your career?

A Since 1987, supervised the development of over 100 new models of sports racquets for the Prince line.

Q Have you been awarded any patents for tennis racquets or tennis equipment?

A inventor or co-inventor on over 20 U.S. patents

Q Could you give us some examples

A. Some of these include . . .

Q In the time you were at Prince Manufacturing, did Prince sell different models of racquets at the same time?

A Yes

Q Could you explain why?

A —different playing characteristics

—certain models appeal more to certain players

Q Why do different racquet models have different playing characteristics?

A —depends on how racquet is designed

Q Could you describe for us in general terms how a new racquet model is designed?

A —

Q Do you have an opinion of the level of skill of a person skilled in the art of designing tennis racquets?

A —high

—college degree ME and 7 years experience

—can substitute experience for college degree [review expert report and deposition to be consistent]

Q Have you been retained in this case by Benetton?

A Yes.

Q What have you been requested to do in this case by Benetton?

A Express my opinion on a couple of issues

—whether the Prince Vortex and Extender racquets infringe the '731 patent.

—whether claims 3-5 are valid

—What royalty rate Prince and AAI would have negotiated had they done so at the time the '731 patent issued

Q Are familiar with the '731 patent?

A yes

Q What have you done to educate yourself about the '731 patent?

A —studied the patent

—reviewed its file history.

Q You are familiar with the Prince Vortex and Extender family of tennis racquets?

A. yes

Q How are you familiar with the Prince Vortex and Extender family of tennis racquets?

A I designed the Vortex and Extender tennis racquets.

Q Did the Prince Vortex contain any new technologies?

A —a carbon fiber-reinforced thermoplastic racquet frame.

Q What about the stringing system?

A. —contained a splayed string bed

—splayed stringing known in the prior art

Q Did you seek a patent on the splayed stringing system?

A No. I didn't think it was sufficiently unique to be patentable.

Q Look at Exhibit. Identify?

A SIR on staggered strings

Q Did you file the application that resulted in SIR?

A No, it was filed by your office

Q Do you know why it was filed?

A not exactly

Q Do you recall whether the application was filed in order to obtain a patent?

A No, there was some other reason that you wanted to file it. I don't recall what that reason was.

Q Would you explain what was different about the frame material compared to prior racquets?

A

Q Were there any special challenges involved in developing the TP frame?

A yes

—describe

Q Could you describe the efforts involved in developing the TP frame?

A

Q Were you awarded any patents in connection with the technologies utilized in the Vortex racquet?

A themoplastic frame

Q When did you develop the splayed string system used in the Vortex racquet?

A approx November 1990

Q I will show you drawings marked as Exhibit 236, particularly B00927-928; can you identify?

A stringing drawings for TP2

Q Which racquet is TP2?

A Vortex OS and MP racquets

Q Bottom right, says "drawn by RP Hulock." Who is RP Hullock?

A —engineer

—reported to

Q Under Mr. Hulock's name is a line which reads "app'd. by." does that stand for approved by?

A Yes

Q Next to approved by is a signature. Do you know whose signature that is?

A Yes, mine.

Q Next to Mr. Hulock's name there is an indication "date" and typed in is a date of 11/28/90, do you see that?

A Yes

Q Do you know whether in fact Mr. Hulock prepared Exhibit 236 on or about November 28, 1990?

A Yes, he did.

Q At whose direction were the drawings prepared?

A mine.

Q Do you know who provided Mr. Hulock with the information which is reflected in the drawings

A I did. I designed the stringing system.

Q From a technology standpoint, were there any special challenges involved in designing the splayed string system used in the Vortex racquet?

A —Originally, set out to use constant splay
—too sharp a bend angle in the corners
—reduced the amount of splay in the corners

Q Were the Vortex MP and OS racquets commercialized?

A Yes

Q When were the racquets first commercially introduced?

A at February 1991 Supershow

Q Please tell us what the "Supershow" is?

A

Q If you could be shown Exhibit 6b, identify?

A Vortex OS

Q Would you please describe the stringing system used in the Vortex OS racquet?

A —19 cross strings and 16 mains
—ends are splayed at a distance of 4.5 mm along the sides and tip, and 2 mm in the corners and throat bridge

Q Refer to cross strings, please tell us how you determined the splay distance? For convenience, if you could refer to the cross string nearest the tip as cross string #1.

A When I designed the string bed for the Vortex OS racquet, I found that cross strings 1, 2, 17, 18, and 19 were so short that, if they were to be given full 4.5 mm splay, they would have a very sharp bend angle into the frame.

Q Why was a sharp bend angle of those strings taken into consideration in your design of the racquet?

A —racquet difficult to string
—strings might break

Q Did you use the same design methodology for other Prince racquets that employ two levels of splay?

A Yes.

SIDES AND CORNERS:

[put up blowup of claim 3]

Q Do you understand what the court has construed the term "sides" to mean in claim 3 of the '731 patent?

A Yes. I understand that the Court has ruled that the term "sides" in claim 3 refers to the region of the frame between the upper and lower corners of a racquet head.

Q Is the term "sides" one that is used in the tennis industry?

A no precise meaning

Q Is the term "corners" one that is used in the tennis industry?

A No

[please look at Exhibit 202 ('731 patent)]

Q In your opinion, what would a person skilled in the art understand the term "sides" to mean as used in '731 patent?

A A person skilled in the art would understand the tei "sides," if used in the context of a racquet head, to refer generally to the left and right sides of the head.

Q In your opinion, what would a person skilled in the art understand the term "corners" to mean as used in the '731 patent?

A. —Text: corners are where the string ends are very short

—Figure 8, corners includes both main and cross strings

Q When you refer to text, any particular portion?

A column 8

Q In your opinion, how would a person skilled in the art determine where do the "sides" of a racquet head end and the "corners" begin for any given racquet?

A —no clear definition in the patent

—head shapes and string patters differ from racquet to racquet.

—only guidance in the '731 patent is that the corners contain both main and cross string ends and the string ends are too short to support substantial splay

—once the string ends are long enough to support substantial splay, no longer in the corners

Q Examine Exh. 6b: where are the corners? Where are the shortest strings?

A —upper corners: cross strings 1-2 and intersecting mains

—lower corners: cross strings 17, 18, 19 and intersecting mains

Q Why do you conclude that the lower corners include cross strings 17, 18, 19 and the intersecting mains?

A —regions contains both main and cross strings

—string ends are too short to support substantial splay

Q And which portions of the racquet constitute the sides?

A regions surrounding cross strings 3-16

Q What is the splay distance along the sides?

A a constant 4.5 mm

Q How does this compare with other splayed string racquets?

A —not all splayed string racquets have 19 cross strings

—for example, Extender racquets have more

—but, all models have a constant splay along the sides

REGIONS STRINGS ARE SPLAYED TO A GREATER DEGREE:

Q looking again at claim 3, the last limitation recites: "where said ends are splayed to a greater degree in the regions where the length of said ends is greater." Is the term "region" a term of art within the tennis industry?

A No

Q You understand that, in the phrase "the regions where the length of said ends is greater," the term "said ends" refers to the splayed string ends along the sides?

A That is my understanding.

Q In your opinion, what part of a racquet would a person skilled in the art consider to be the regions where the string ends are longer, as the term regions is used in '731 patent?

A —"the regions" refers to particular portions of the sides

—in an oval racquet head with cross strings that are perpendicular to the racquet axis, the regions where the string ends are longer are the middle of the sides where the racquet is widest and thus the cross string ends are the longest.

Q Along the sides of the Prince Vortex racquet, where are the regions where the string ends are longer?

A on each side of the head, the string ends are longer in the middle region

Q How does the degree of splay for the string ends in the regions where the string ends are longer, i.e., the center regions of the sides, compare with the splay of the cross strings in the regions above and below such region?

A identical - 4.5 mm

Q In the other dual splay distance racquets that you designed, where along the sides are the regions where the string ends are longer?

A. —in the other Vortex racquets, in the center of the head, where the racquet is widest

—in the Extender racquets, higher up

Q In the other Vortex racquets; how did the degree of splay in the center regions of the sides compare with the splay of the cross strings in the regions above and below such region?

A Were the same - 4.5 mm

Q In the Extender racquets, how did the degree of splay in the regions where the string ends were longer compare with the splay in the regions above and below such region?

A Were the same - 4.5 mm

CLAIM 4

[Look at Exhibit 203 -'097 patent]

Q Are you familiar with Exh. 203?

A Yes, it is AAI's first patent.

Q Look at claim 4 of '731, recites "The improvement of claim 3, wherein in addition said first plurality of strings is splayed at the tip of said frame and where said ends are splayed to a greater degree near the center of the tip of said frame than in the region between the tip and the sides of said frame." Is that feature disclosed in '097 patent?

A No

Q Explain

A '097 discloses 2 types of splay

—Fig. 4A no splay in tip

—Fig. 4B constant splay all the way around

—no embodiment in which the tip and upper corners are splayed and the splay distance in the upper corners is reduced

OBVIOUSNESS:

Q Have you considered the validity of claims 3-5?

A Yes

Q You are not a lawyer, correct?

A correct

Q In considering validity, did I instruct you as to some of the principles of patent law?

A Yes

Q What, if anything, did I tell you about a hypothetical person skilled in the art?

A presumed to be aware of all the relevant prior art

Q What, if anything, did I tell you about what qualifies as prior art for determining validity?

A nothing—you asked me assume that certain references are prior art

Q What, if anything did I tell you about hindsight?

A —that you cannot use hindsight to determine obviousness

—question is whether obvious prior to invention

Q What, if anything, did I tell you about the factors that go into determining obviousness?

A —scope and content of prior art

—difference between prior art and claimed invention

—level of skill in the art

—secondary factors such as commercial success

Q What, if anything, did I tell you about combining prior art references?

A can only do it if there is a motivation to combine

MARTEL

Q I place before you Exhibit 209 [Martel]. Have you reviewed this document in formulating your opinions in this case?

A Yes.

Q Please describe Martel generally

A I had a drawing prepared. Martel discloses a tennis racquet which can have a composite frame and which has splayed strings around the entire racquet head.

Q Refer to page 6 (B498) of the translation. Does Martel contain any disclosure of varying the degree of splay?

A yes, if the frame thickness varies, preferably the degree of splay varies accordingly

Q Refer to Figure 1, what is shown?

A front view of frame with part of the sluing bed.

Q I direct you to the 1987 time period, the year before the '097 patent was filed. How does the frame disclosed in Martel compare to frames in commercial use in 1987?

A old style small head

Q Do you have an opinion whether, in 1987, a person skilled in the art who wished to implement Martel would have used an old style racquet head with only partial stringing?

A —couldn't sell such a racquet
—would have used a conventional 1987 racquet

[look at 243 (1987 Performance Collection Brochure)]

Q identify?

A 1987 Prince catalog

Q what racquets does it show?

A Prince racquets

Q Where did Prince stand in market share in 1987?

A

Q Fair to say that persons skilled in the art knew of Prince racquets?

A yes

Q Do you have an opinion of whether, in 1987, it would have obvious to a hypothetical person of ordinary skill in the art to implement Martel in the racquets shown in Exhibit 243, the Prince racquets?

A yes
Why?

A —conventional frame shapes and stringing patterns
—most logical

Q What would be the result if Martel were to be implemented in one of the 1987 Prince racquets?

A I had a drawing prepared to show the result

Q Have you determined whether Martel discloses any or all of the limitations contained in claim 3 of the '731 patent?

A Yes, I do. It is my opinion, as a person skilled in the art, that Martel discloses virtually all of the elements of claim 3.

[put up claim 3]

Q Could you please explain?

A [Discuss Martel Claim chart in Davis Exp. Report, element by element]

Q Are there any limitations of claim 3 of the '731 patent that Martel does not disclose?

A last element "said ends are played to a greater degree in the regions where the length of said ends is greater"

YONEYAMA

[look at Exhibit 204 - Yoneyama]

Q Have you reviewed this document in formulating your opinions in this case?

A Yes.

Q What is the filing date of Yoneyama?

A from patent [March 4, 1988]

Q Please describe Yoneyama generally

A dual tapered head
discloses advantages of dual taper head [elaborate]

Q Have you considered the combination of Yoneyama and 1987 implementation of Martel?

A Yes, I have.

Q Please describe such a combination.

A I had another drawing prepared to show the result.

Q How does the combination of Yoneyama and 1987 Martel implementation compare with claim 3 of the '731 patent?

A It discloses all the limitations of claim 3 [explain from the drawing and blowup of claim 3]

Q We talked before about motivation to combine. Do you have an opinion whether in 1987 a hypothetical person of ordinary skill in the art would have motivation to combine Yoneyama withthe 1987 Martel implementation?

A yes

—Yoneyama discloses that its frame shape more stable

—hypothetical person skilled in the art would have known of Yoneyama

—a skilled person who wished to incorporate higher stability into the racquet would have had motivation to combine

HAZELL

[look at Exhibit 207 (Hazell)]

Q Have you reviewed this document in formulating your opinions in this case?

A Yes.

Q What is the publication date of Hazell?

A February 19, 1986

Q Please describe Hazell generally

A Hazell: racquets made of carbon fiber-reinforced plastics are susceptible to breakage.

reduces problem by tapering head towards tip

Q Does Hazell describe where taper begins, direct you to page 2, lines 6-9?

A preferably commences "at least at the widest part of the head and continues away from the handle to or adjacent the part of the head distal to the handle."

Q Have you considered the combination of the 1987 Martel implementation and Hazell?

A Yes, I have.

Q Please describe such a combination.

A I had a drawing prepared

Describe drawing

Q How does the combination of the 1987 Martel Implementation and Hazell compare to claim 3?

A depends on how claim 3 is construed.

Q Explain

A —region where string ends longer here

—splay greater than region toward tip, but not greater than in region closer to heel.

Q Do you have an opinion whether, for a hypothetical person skilled in the art, there any motivation to combine the 1987 Martel implementation and Hazel!?

A Yes, a person skilled in the art who wished to obtain the benefits disclosed in Hazell of its tapered thickness frame would be motivated to use such a frame in the Martel racquet.

CLAIM 4

Claims 4-5 & Svoma PCT

[look at Exhibit 206]

Q Are you familiar with Exhibit 206?

A Yes

Q Identify?

A Svoma PCT application No. WO 90/01974

Q What is the publication date?

A March 8, 1990

Q I have asked you to assume that Svoma is prior art to claims 4-5, correct?

A yes

Q You testified before that Svoma does not disclose the subject matter of claim 4. Do you have an opinion on whether claim 4 would have been obvious over Svoma?

A yes. claim 4 recites putting splay at the tip - that is disclosed in Svoma

—claim 4 further recites reducing the splay between the center of the tip and the sides.

—Svoma discloses constant splay and varying splay so that it decreases towards the corners. Claim 4 is merely mixing and matching these two concepts.

Q The application which became the '731 patent was filed on August 5, 1991? Remind us again when the Vortex was launched?

A February 1991

Q Did the Vortex have splay at the tip?

A Yes.

Q And how did the degree of splay in the tip of the Vortex compare to the region between the tip and side?

A The splay in the upper corners, between the tip and sides, was less

Q Refer to claim 5 of the '731 patent. Do you have an opinion whether the subject matter of claim 5 would have been obvious over Svoma?

A yes. claim 5 recites providing minimal splay in the heel and lower corners.

—Svoma discloses both full splay and no splay in heel, so minimal splay is merely an obvious variation

—again, Svoma discloses the concept of decreasing the splay as you are approaching the corners, so both concepts in claim 5 would have been obvious

Q With respect to the Vortex, which you testified was launched before the '731 application was filed, did the Vortex have minimal splay in the heel and lower corners, as recited in claim 5?

A Yes, it did

Gamma/Mizuno racquets

[look at Exhibit 237—Mizuno reactor racquet]
[look at Exhibit 202 '731 patent]

Q Can you identify Exhibit 237?

A Mizuno Reactor GTX racquet.

Q Have you compared Exhibit 237 with claim 1 of the '731 patent?

A Yes

Q Does Exhibit 237 have all the limitations of claim 1?

A Yes (explain reading claim 1)

[look at Exhibit 238 - Gamma Accura racquet]

Q Identify 238?

A Yes; a Gamma Accura racquet

Q Have you compared Exhibit 238 with claim 1 of the '731 patent?

A Yes

Q Does Exhibit 238 have all the limitations of claim 1?

A Yes (explain reading claim 1)

DAMAGES

[look at Exhibit 21—Benetton sales summary]

Q Were you involved in the creation of Exhibit 21?

A Not as far as I know.

Q Were you ever asked by anyone at Benetton to compile a list of all splayed string racquets sold by Benetton?

A At some point, yes

Q Do you remember when?

A No

Q Have you reviewed the list of racquets on Exhibit 21?

A Yes

Q Does Exhibit 21 appear to list all the models of staggered string tennis racquets which Benetton sold?

A As far as I can recall, yes

Q In addition to racquet model names, Exhibit 21 also indicates whether a racquet was constant stagger or dual stagger, correct?

A yes except there are a couple of question marks

Q Does the designation of the dual versus constant stagger configuration appear to be correct.

A It appears to be.

[are racquets listed on Exhibit 103 all splayed string racquets?]

Q In the 1990-91 time period, were you involved with licensing negotiations with AAI?

A Yes

Q Can you describe what happened?

A AAI wanted 5%
Prince 1%

Q Did you attend a meeting in January 1991 with AAI?

A Yes

Q What happened?

A parties agreed on a 1% license
—but a dispute arose over exclusivity

Q You testified before that you are not an attorney. For purposes of my questions, I want you to assume certain legal principles (1) that a hypothetical negotiation took place between AAI and Benetton on or about March 30, 1993, the issue date of the '731 patent. (2) that Benetton knew at such time that it either had to change the Vortex string system or take a license; and (3) that the parties did in fact reach an agreement. Assuming those principles, do you have an opinion as to what royalty the parties would have agreed to?

A Yes 1% equivalent td January 1991 scenario; AAI about to receive a patent; if royalty demand above 1%, Prince would have modified string system to avoid infringement

Q How could you have avoided the '731 patent?

A at least 3 ways
it is my understanding that the basis of AAI's infringement charge is based on one string with reduced stagger
1. given it full stagger; not preferable, but doable
2. given it no stagger
3. given the racquet constant stagger, as was later done

Q You are aware that, after the Prince negotiations fell through, AM granted licenses to other companies at 5%.

A Yes, but those were small companies; small royalties; a 1% license to Prince was worth far more to AAI than 5% licenses to companies with practically no market share

Q Are you familiar with licenses granted on the Howard Head, Keubler, and Frolow patent?

A Yes

Q Do you recall the royalty rates on those licenses?

A Head I think was 5%
Keubler was 2%
Frolow was 5%

Q How if at all do those licenses affect your views as to the royalty rate Prince and AAI would have negotiated in 1993?

A They don't

Howard Head related to the large head racquet—by the 1980's you couldn't compete without using that technology Frolow related to lightweight racquet—1990's trend Keubler less important cause you could get around it.

racquets sold with covers and bumper/grommet included in price

TP material was the real story pushed by Prince

state of market in March 1993

hypothetical: if in 1993 you had been told that Vortex infringes b/c cross string #17 has half stagger, would you have had any alternative to taking a license from AAI if royalty rate was too high?

APPENDIX K

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

95-1045

ATHLETIC ALTERNATIVES, INC.,
Plaintiff-Appellant,

vs.

PRINCE MANUFACTURING, INC.,
Defendant-Appellee.

January 11, 1996, Decided

OPINION

MICHEL, *Circuit Judge.*

Athletic Alternatives, Inc. ("AAI") appeals from the June 29, 1994 order of the U.S. District Court for the District of Arizona, No. CIV-92-176-PHX-RGS (SLV), granting sum mary judgment of noninfringement in favor of Prince Manufacturing, Inc. ("Prince").[1] Because AAI cannot lawfully prevail on its infringement allegations against Prince when the asserted patent claim is correctly construed, we affirm.

Background

AAI designs athletic products, including string systems for sports rackets, and Prince manufactures and distributes tennis rackets. In February 1990, after entering into a confidentiality agreement, the parties began a collaborative effort to develop a commercially available tennis racket with splayed strings,

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[1] The district court did not enter the judgment in Prince's favor until October 4, 1994, after which AAI timely filed its appeal.

i.e., with string ends anchored to the racket frame alternately above and below its central plane. AAI had already conceived of and applied for a patent covering its prototype "Redemption Stringing System" in August 1988, and it shared the prototype with Prince under the confidentiality agreement. During the course of their collaboration, Prince and AAI shared other designs and ideas but ultimately failed to reach a mutually satisfactory licensing agreement.

Prince abandoned work on AAI's prototype in favor of an alternative splayed string system. In February 1991, it placed a racket with this system on the market under the model name "Vortex." The sides of the Vortex frame include strings splayed from the central plane at two, and only two, distinct offset distances: a distance of 2 millimeters at the upper and lower corners, and a distance of 4.5 millimeters along the sides of the frame.

AAI, meanwhile, continued to prosecute its splayed string system patent application. As originally filed, the application contained 19 claims, the first of which broadly claimed "[a] sports racket . . . wherein at least some of [the] ends of [the] string segments are successively and alternately secured to [the] frame at locations a distance di in front of and behind [the] central plane." Claim 5 of the application, depending from Claim 1, recited a racket "wherein di is uniform for all strings." Claim 7, also drafted in dependent form, recited a racket "wherein [the] distance di . . . varies continuously between minimums as small as about zero for the lateral strings near the tip and the heel portions of said frame, and a maximum of up to about 1/2 inch for the ends of the lateral string segments through the center of the side portions of [the] frame." This language, unlike that of Claim 1, closely tracked the specification's description of the preferred embodiment.[2]

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[2] According to the specification, "since the important objective is to correct for elevational trajecto y errors, it is preferred to flare the ends of

In a May 1989 office action the examiner rejected, *inter alia*, Claims 1 through 5 and objected to Claim 7. Specifically, the examiner rejected Claims 1 and 5 as anticipated by British Patent No. 223,151 to Lewis ("Lewis"). Like AAI's Claim 5, Lewis discloses a racket in which all the string ends are offset from the central plane by a uniform distance. Having rejected Claim 1, the independent claim from which it ultimately depended, the examiner objected to Claim 7. At the same time, however, the examiner indicated that Claim 7 contained patentable subject matter and thus "would be allowable if rewritten in independent form."

In response to this office action, AAI filed a set of amendments to the application in October 1989. First, AM canceled Claim 1 in favor of a new Claim 20, reciting "[a] sports racket . . . where [the offset] distance di varies between a minimum distance for the first and last string ends in [the] sequence [of adjacent string ends] and a maximum distance for a string end between [the] first and last string ends in [the] sequence." After noting that it "rewrote Claim 1 to more succinctly define the present invention . . . [in] Claim 20", AAI explained the responsiveness of the new claim to the rejection on Lewis as follows:

> Lewis is primarily concerned with the problem of splitting of wooden frames where all holes are located in the center plane of the frame. Another objective is to stabilize the frame against twisting. He places the holes somewhat away from and alternately above and below the center plane. Consequently, the stringing surface superficially resembles the present string suspension arrangement. However, we do not believe that the degree of splay or separation is sufficient to achieve the present

---

lateral strings only, most preferred is that di vary continuously between a maximum of di=l/2 inch in the center, to zero for the last lateral strings near the tip and the heel of the frame."

> effect of improved performance and feel of the string surface. Moreover, the Lewis racket is structurally different in that it maintains the same splay (di) all the way around.
>
> Claim 1 has now been rewritten and is resubmitted as Claim 20 to positively recite the feature of the splay (di), varying between a minimum and a maximum for a series of adjacent parallel strings, to thus clearly distinguish over Lewis.

In other words, according to this portion of the record, AAI drafted Claim 20 in a manner calculated to retain as much of the scope of Claim 1 as possible while still avoiding the Lewis reference.

Consistent with the examiner's suggestion, AAI also re-drafted Claim 7 in independent form and submitted it as Claim 21. It recited "[a] sports racket . . . wherein [the] distance di . . . varies continuously between minimums as small as about zero for the ends of laterial [sic, lateral] strings near the tip and heel portions of [the] frame, and maximum of up to about 1/2-inch for the ends of lateral string segments near the center of [the] side portion of [the] frame." As with Claim 7, the language of Claim 21 closely tracks that of the specification's description of the preferred embodiment. Claim 21 thus differed from Claim 20 in two ways: first. with respect to the limitation directed to the pattern of splay, Claim 20 recited an offset distance that "varies between" minimum and maximum values, whereas Claim 21 recited an offset distance that "varies *continuously* between" such values (emphasis added); second, Claim 21 recited particular numerical values for the minimum and maximum offset distances, whereas Claim 20 did not. Finally, AAI added a new claim that, like the rejected Claim I, broadly covered any pattern of splayed string ends.[3]

---

[3] Styled Claim 22, it recited the improvement in a sports racket "comprising that a part of the total number of the strings are secured to the

The examiner's Interview Summary Record indicates that the parties discussed proposed Claims 20 and 21 during a personal interview on November 16, 1989. In sharp contrast to the explanation AAI offered with the amendments that it filed, the summary notes that AAI's "attorney explained how cl. 20 is directed to [the] preferred embodiment and how [its] recitation distinguishes over [the] cited references." This notation calls into serious doubt the premise that AAI drafted Claim 20 with the sole purpose of overcoming the Lewis-based rejection of Claim 1.

After reviewing the submitted amendments, the examiner rejected Claims 20 through 22 in the final office action of January 29, 1990. Specifically, the examiner concluded that all three claims would have been obvious from Lewis in view of U.S. Patent No. 4,664,380 to Kuebler. AAI contested the rejection, arguing that the Kuebler patent, directed to improving the stiffness of racket frames, teaches nothing at all about splayed string ends and reiterating that "Lewis . . . exhibits splay, but *uniform* splay all the way around the racket frame." According to AAI, its "previous amendment . . . introduced the structural limitations of variously specifying the non-uniform splay characteristics which clearly differentiate the present invention from the 1924 wooden tennis racket art represented by the Lewis reference." The examiner nevertheless adhered to his final rejection of the claims by notice dated April 17, 1990.

AAI appealed the final rejection to the Board of Patent Appeals. Consistent with the Interview Summary Record discussed above, and in contrast to the supporting explanation filed with the amendments, AAI implied in its appeal brief that Claims 20 and 21 had the same scope with respect to the claimed pattern of splay. First, early in its appeal brief, AAI

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frame alternately in front of and behind the central plane in a splayed configuration to improve playing characteristics of Ethel racket."

noted that "Claims 20 and 21 represent independent claims based on rewritten dependent claim[ ] 7 . . . which [was] formerly held to be allowable if rewritten in independent form." Second, in explaining the nature of the invention, AAI stated that "in the preferred embodiment, best seen in Fig. 4a, the distance di *varies between* minima for the first and last lateral strings near the tip section 12 and heel section 13, respectively, and a maximum in the central region of the lateral section of the frame." (Emphasis added). AAI thus described the preferred embodiment as a pattern in which the offset distance "varies between" a minimum and a maximum *without* using the intervening modifier "continuously." Finally. AAI affirmed that "Claim 20 requires the distance di (the degree of splay) to vary between a minimum . . . and a maximum," . . . and that "Claim 21 . . . recites *the same element of varying splay* of the ends of lateral string segments." (Emphasis added). After further communication between AAI and the examiner, as well as an amendment deleting Claim 22, the examiner withdrew the final rejection and issued a Notice of Allowability in December 1990.

AAI was accordingly granted U.S. Patent No. 5,037,097 (the '097 patent) on August 6, 1991. It then filed the infringement suit at bar in January 1992. Claim I of the '097 patent, formerly Claim 20 of the application, was the only claim AA' asserted against Prince. It reads as follows:

> 1. A sports racket, comprising:
>
> a peripheral frame having a tip, heel, and side portions disposed in and about a central plane of symmetry; said tip, heel, and side portions having a width in a direction perpendicular to said plane of symmetry;
>
> a handle with a grip thereon extending from and secured to the heel of said frame;

a first plurality of string segments extending across said central plane between opposite locations of said frame in a first direction;

a second plurality of string segments extending across said central plane between opposed locations of said frame in a second direction;

said first and second direction being at an angle with respect to each other, and said first and second plurality of string segments being interwoven into a planar webbing defining a ball contact area in said central plane within said frame;

each of said string segments having two ends, a first of said ends extending in a first direction between the periphery of said contact area and a proximate location on said frame, and the second of said ends extending between the opposite side of the periphery of said ball contact area to a proximate location on said frame in a direction opposite to said first direction;

where at least said first ends of at least said first plurality of string segments are secured to said frame at a distance di, where di is the perpendicular distance between the central plane and the location on said frame to which the ith string end is secured, i designating the order of the ith string end in the sequence of adjacent first string ends of said first plurality of string segments, the distance di being alternately measured in opposite directions from said central plane, and where said distance di varies between minimum distances for the first and last string ends in said sequence and a maximum distance for a string end between said first and last string ends in said sequence.

The language critical to this appeal has been emphasized. Claim 14 of the '097 patent, formerly Claim 21 of the application, is the patent's only other independent claim. Again, it

covers AAI's preferred pattern of variation in the string offset distances, according to which distance d*i* "varies continuously between minimums as small as about zero for the ends of lateral strings near the tip and heel portions of said frame, and a maximum of up to about 1/2-inch for the ends of lateral string segments near the center of said side portions of said frame."

On December 7, 1992, Prince moved for summary judgment of noninfringement on the grounds that (a) Claim 1 of the '097 patent, which, according to its construction, requires that the offset distance d*i* take on at least three values (*i.e.*, a minimum, a maximum, and at least one intermediate value), does not read on the Vortex racket, which has only two offset distances; and (b) the prosecution history of the '097 patent, during which AAI amended Claim 1 to require this minimum of at least three values for d*i* in order to overcome the rejection on Lewis, estops AAI from attempting to hold Prince liable for infringement under the doctrine of equivalents.[4]

The district court granted Prince's motion for summary judgment over AM's opposition in its June 29, 1994order, adopting the substance of Prince's arguments as to both claim construction and prosecution history. Specifically, the court concluded that "according to the plain language of Claim 1, di must change at a point that is in an intermediate position in relation to the minimum distances for the first and last string ends and the maximum distance for a string end between the first and last string end. Consequently, there must be more than two values for di." The court further concluded that AAI

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[4] Prince's answer to AM's complaint set up certain affirmative defenses but did *not* include invalidity of the '097 patent as an affirmative defense. Prince's prayer for relief contained a single reference to invalidity, in praying for a decree and judgment "declaring United States patent 5,037,097 to be invalid and not infringed." Prince's motion for summary judgment was not styled as a partial motion, and the issue of validity was not raised on summary judgment or in the appeal to this court.

was estopped from alleging that the Vortex racket infringes Claim 1 under the doctrine of equivalents, having already sacrificed coverage of a splay pattern with less than three offset distances in order to overcome the rejection on Lewis. Providing an alternative ground for its decision of non infringement under the doctrine of equivalents, the district court also concluded that AAI's failure to respond to Prince's motion for summary judgment with citation to "specific facts from which a factfinder could conclude that Defendant's racket 'performs substantially the same function in substantially the same way to obtain the same result." entitled Prince to summary judgment in its favor on the issue.

AM appeals from the district court's decision, contending that Claim 1, when properly construed, reads on the splay pattern with two offset distances used in the Vortex racket. In other words, according to AM, the district court erred in construing Claim 1 to require that the offset distance d*i* take on at least three values. AAI further contends that the district court repeated its error in claim construction when it undertook its prosecution history estoppel analysis and erred by entering judgment against AAI for failure to point to specific record evidence of the fact of equivalence at a time when AAI was not on notice that such citation to specific evidence was required to resist an adverse summary judgment.

Analysis

The moving party is entitled to summary judgment under Federal Rule of Civil Procedure 56(c) "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). We review the district court's grant of summary judgment *de novo, Conroy v. Reebok Ina Ltd.*, 14 Fad 1570, 1575, 29 U.S.PQ.2D (RNA) 1373, 1377 (Fed. Cir 1994). The disposition of this appeal turns largely on whether the trial

court properly construed Claim 1 of the '097 patent, a question of law that we review de novo. *Markman v Westview Instruments, Inc.*, 52 E3d 967, 979, 34 U.S.P.Q.2D (BNA) 1321, 1329 (Fed. Cir.) (in banc), *cert. granted*, 116 S. Ct. 40 (1995).

A. *Literal Infringement*

Patent infringement analysis involves two steps: the threshold construction of the meaning and scope of the asserted claim, followed by the determination whether the accused product infringes the properly construed claim. *Id.* at 976, 34 U.S.P.Q.2D (BNA) at 1326. Where, as here, the parties do not dispute any relevant facts regarding the accused product but disagree over which of two possible meanings of Claim 1 is the proper one, the question of literal infringement collapses to one of claim construction and is thus amenable to summary judgment. *See, e.g., Chemical Eng'g Corp. v. EsseJ Indus.*, 795 F.2d 1565, 1572-73, 230 US.P.Q. (BNA) 385, 390 (Fed. Cir. 1986).

The task of claim construction requires us to examine all the relevant sources of meaning in the patent record with great care, the better to guarantee that we determine the claim's true meaning. As we have often noted, these sources include the patent's claims, specification, and, if in evidence, its prosecution history. *Markman*, 52 F3d at 979-80, 34 U.S.P.Q.2D (BNA) at 1329-30. In addition, a number of canons, such as the doctrine of claim differentiation, guide our construction o. ll patent claims. Finally, we have a rich body of case law on which to rely.

1. *The Claim Language*

We begin with the language of Claim I itself. As was noted above, Claim 1 of the '097 patent recites a pattern of splay "where [the offset] distance d*i* varies between minimum distances for the first and last string ends in [the] sequence and a maximum distance for a string end between [the] first

and last string ends in Ethel sequence." Because the specification contains neither a definition of the phrase "varies between" nor a suggestion that AAI sought to assign to claim terms anything but their ordinary and accustomed meanings, those are the meanings we must give them. *Intellicall, Inc. v. Phonometrics, Inc.*, 952 E2d 1384, 1388, 21 U.S.P.Q.2D (BNA) 1383, 1386 (Fed. Cir. 1992); *Envirotech Corp. v. Al George, Inc.*, 730 E2d 753, 759, 221 U.S.P.Q. (BNA) 473, 477 (Fed. Cir. 1984).

AAI contends, citing a number of dictionary definitions of "between" in its favor, that "the plain meaning of the words 'varies between minimums . . . and a maximum' is that the *distance* of string splay *must change* . . . [but] nothing in Claim 1 prescribes (or limits) how much or how many times the distance must change."[5] Prince, for its part, cites alternative and equally valid dictionary definitions of "between" in an effort to demonstrate that the trial court properly construed the claim to require that the offset distance d*i* take on at least three values, *i.e.*, a minimum, a maximum, and at least one intermediate value.[6] A comparison of these definitions with those relied upon by AAI suggests that the claim phrase "varies between" is, at best, equivocal.

According to one ordinary sense of "between"—"in the space that separates : BETWIXT (an alleyway @ two tall buildings) (a vacuum @ two electrodes): in the midst of: surrounded by (a lion rampant @ eight crosses)," *Webster's Third New International Dictionary of the English Language* 209 (1976) (definition 2b of preposition "between")—only a splay pattern in which the offset distance takes on more than

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[5] Were the claim to be so construed, it would cover any splay pattern with more than one offset distance and would thus read on the Vortex racket.

[6] According to this construction, the Vortex racket cannot literally infringe the claim.

two values has an offset distance that varies between minimum distances and a maximum distance. According, however, to another equally ordinary sense of "between"—"from one to the other of (air service @ the two cities)," id. (definition 3a of preposition "between")—a splay pattern in which the offset distance takes on only two values has an offset distance that varies between minimum distances and a maximum distance. In sum, the dispositive claim language on its face is susceptible to two equally plausible meanings, under one of which the Vortex racket literally infringes Claim 1 and under the other of which it does not. As a result, the scope of Claim 1 cannot be defined by resort to the ordinary and accustomed meanings of its terms alone, and the specification is completely silent with regard to the meaning of "varies between."

2. *The Prosecution History*

Because the disputed claim and its specification do not establish the meaning of the operative claim language, we turn to the prosecution history for guidance. Our reading of the prosecution history is informed by the understanding that the documents recording this history are created by persons schooled in the art of patent prosecution.

To the trained eye, the prosecution history of the '097 patent presents a muddled and self-contradictory story. As originally filed, independent Claim 1 broadly claimed a racket with any pattern of splay, while dependent Claims 5 and 7 each claimed a particular pattern of splay. Specifically, Claim 5 recited the pattern of uniform splay, while Claim 7 recited the pattern of splay described as the preferred embodiment in the patent's specification. Thus, as originally filed, Claim 1 was certainly broad enough to cover a racket with a pattern of splay containing less than three offset distances. The examiner initially rejected Claims 1 and 5 as anticipated by Lewis, a reference teaching the pattern of uniform splay. Such a rejection was, of course, appropriate as

to Claim 1 because the pattern of uniform splay taught by Lewis surely anticipates a claim broadly covering a pattern with "at least some" splay.

Before focusing on AAI's response to this rejection, we pause to note a practical aspect of patent prosecution. Specifically, when amending a claim so as to avoid a rejection based on a particular reference, the skilled patent prosecutor usually seeks to draft an amendment that narrows the claim only as much as is thought necessary to overcome the rejection. Prior to looking at AAI's response to the initial rejection, an experienced patent prosecutor might thus have expected AAI to attempt to overcome Lewis by amending Claim I to cover *all* patterns of *non*-uniform splay, including those with only two offset distances.

AAI's written response to the first office action does not disappoint this expectation. As was discussed above, AAI's response included two distinct amendments. First, AM rewrote Claim 1 as new Claim 20, expressly stating that it was doing so in a manner calculated to overcome the Lewis rejection. Second, AAI rewrote Claim 7 as new Claim 21. Since the subject matter of this latter claim had already been deemed allowable by the examiner, AAI did not discuss Claim 21 beyond briefly remarking that it was an independent version of Claim 7. This brief remark sharply contrasts with AAI's detailed explanation of why, in its view, Lewis did not anticipate Claim 20, thereby lending strong support to the conclusion that AAI drafted Claim 20 to be broader in scope than Claim 21. We might well conclude that Claim 20 was directed to any non-uniform splay pattern, including a pattern having only two offset distances, were this the only evidence in the file history. It is not.

The record also contains documents clearly indicating that, with respect to the pattern of splay, AAI understood the scope of Claim 20 to approximate that of Claim 21, which both parties concede recites a pattern of splay containing at least

three offset distances. The first such document is the examiner's Interview Summary Record of November 16, 1989, in which the examiner noted that AAI's "attorney explained how cl. 20 is directed to [the] preferred embodiment and how [its] recitation distinguishes over [the] cited references." In other words, according to this summary, the intended scope of Claim 20 was not the broadest scope that would nonetheless overcome the Lewis reference, but was instead the same as that of Claim 21, at least with respect to the basic pattern of splay. On this reading, Claims 20 and 21 differed only in that Claim 21, unlike Claim 20, recited specific numerical values for the minimum and maximum offset distances.

AAI's appeal brief, like the interview summary, features the same characterization of Claim 20. There, as outlined above, AAI stated that *both* Claims 20 and 21 were based on the allowable subject matter that had originally appeared in Claim 7, reciting the pattern of splay in the preferred embodiment. Furthermore, AAI used the phrase "varies between" to describe the variable splay of the preferred embodiment and maintained that the "element of varying splay" was the same in Claims 20 and 21. Again, these assertions indicate that the scope of Claims 20 and 21 differed only with respect to the particular numerical embodiment described in Claim 21, but not with respect to the basic pattern of splay.

Two strong and contradictory interpretive strands thus run through the patent's prosecution history. According to the first, Claim 20 was drafted simply to avoid the Lewis reference and differs significantly in scope from Claim 21. According to the second, Claims 20 and 21 recite the same basic pattern of splay, while Claim 21 adds a numerical value limitation. Each strand, considered alone, leads to a coherent and distinct meaning of the disputed claim. One does not prevail over the other, and together they are irreconcilable. The prosecution in this case is thus unhelpful as an interpretive resource for construing the "varies between" claim limitation.

3. *Claim Differentiation*

Neither the claim, the specification, nor the prosecution history establishes the meaning of the phrase "varies between" in Claim I. AAI, resorting to an interpretive guide for secondary support of its position regarding the meaning of "varies between," contends that the doctrine of claim differentiation compels us to interpret the claim as it does, *i.e.*, to require that the offset distance take on two or more, rather than three or more, values. According to AAI, while "there is no question Claim 14 requires three or more different distances of string splay," it would constitute legal error to read the "continuously" limitation of Claim 14 into Claim I.

AAI's argument overlooks the fact that Prince does *not* contend that Claim 1, like Claim 14, requires that the offset distance recited therein vary continuously between minimums and a maximum. *Continuous* variation, as AAI itself concedes, requires a continuous gradual change in the offset distance of parallel strings; this implies that the offset distance for each string differs from that of both adjacent strings. In contrast, Prince contends only that Claim 1 requires that the offset distance take on three or more values, a potentially broader limitation. For example, suppose a tennis racket were to employ seventeen horizontal strings but only four offset distances. Under Prince's construction, this arrangement would infringe Claim 1 because it employs more than three offset distances, but would not infringe Claim 14 because the offset distances do not vary continuously. Therefore, assent to Prince's contention that Claim I requires three or more offset distances would not render the "continuously" limitation in Claim 14 superfluous. In short, the choice between Prince's and AM's construction of Claim I simply does not implicate the doctrine of claim differentiation, and we are left with two equally plausible meanings of Claim 1. We must therefore pursue the interpretive process to state which of the two meanings is correct.

4. *Section 112*

In order to decide which of the two senses of "varies between" to employ in construing the '097 patent, we refer to the statutory provision that prescribes the would-be patentee's claim drafting burden. 35 U.S.C. § 112 (1988). Specifically, paragraph 2 of section 112 requires that the "specification shall conclude with one or more claims particularly pointing out and *distinctly* claiming the subject matter which the applicant regards as his invention." (Emphasis added). As courts have recognized since the requirement that one's invention be distinctly claimed became part of the patent law in 1870,[7] the primary purpose of the requirement is "to guard against unreasonable advantages to the patentee and disadvantages to others arising from uncertainty as to their [respective] rights." *General Electric Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 369, 82 L. Ed. 1402, 58 S. Ct. 899 (1938). *See, e.g., McClain v. Ortmayer*, 141 U.S. 419, 424, 35 L. Ed. 800, 12 S. Ct. 76 (1891) ("The object of the patent law in requiring the patentee [to distinctly claim his invention] is not only [**26] to secure to him all to which he is entitled, but to apprise the public of what is still open to them."); *Rengo Co. v. Molins Mach. Co.*, 657 F2d 535, 551 (3d Cir.) ("Its purpose is to demarcate the boundaries of the purported invention, in order to provide notice to others of the limits beyond which experimentation and invention are undertaken at the risk of infringement.") (internal quotation omitted), *cert. denied*, 454 US. 1055, 70 L. Ed. 2d 591, 102 S. Ct. 600 (1981); *Hoganas AB v. Dresser Indus.*, 9 Fad 948, 951, 28 U.S.P.Q.2D (BNA) 1936, 1939 (Fed. Cir. 1993) (function of claims is "putting competitors on notice of the scope of the claimed invention"). Were we to allow AAI successfully to assert the broader of

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[7] Patent Act of 1870, ch. 230, § 26, 16 Stat. 198, 201 ("Before any inventor or discoverer shall receive a patent . . . he shall particularly point out and distinctly claim the part, improvement, or combination which he claims as his invention or discovery . . . .").

the two senses of "between" against Prince, we would undermine the fair notice function of the requirement that the patentee distinctly claim the subject matter disclosed in the patent from which he can exclude others temporarily. Where there is an equal choice between a broader and a narrower meaning of a claim, and there is an enabling disclosure that indicates that the applicant is at least entitled to a claim having the narrower meaning, we consider the notice function of the claim to be best served by adopting the narrower meaning.

We conclude that Claim 1 of the '097 patent includes the limitation that the splay-creating string end offset distance take on at least three values, *i.e.*, a minimum, a maximum, and at least one intermediate value. We thus affirm the district court's conclusion that Claim 1 does not literally read on the Vortex racket.

B. *Infringement Under the Doctrine of Equivalents*

Under the doctrine of equivalents, an accused product that differs from the claim, and thus does not literally infringe, nonetheless infringes if its difference from that claim is insubstantial from the perspective of one of ordinary skill in the relevant art. *Hilton Davis Chem. Co. y Warner-Jenkinson Co., Inc.*, 62 E3d 1512, 1518, 35 U.S.P.Q.2D (BNA) 1641, 1645 (Fed. Cir.) (in banc), *cert. granted*, 64 U.S.L.W 3574, 1996 U.S. LEXIS 1548 (U.S. 1996). As we have often observed, however, the doctrine of equivalents is not a license to ignore or "erase . . . structural and functional limitations of the claim," limitations "on which the public is entitled to rely in avoiding infringement." *Perkin-Elmer Corp. v. Westinghouse Elec. Corp.*, 822 F.2d 1528, 1532, 3 U.S.P.Q.2D (BNA) 1321, 1324 (Fed. Cir. 1987). Liability for infringement thus requires, without exception, that an accused product contain each limitation or its equivalent.[8] *Dolly, Inc. v.*

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[8] This principle has been called the "all limitations" or "all elements" rule.

Spalding & Evenflo Cos., 16 F3d 394, 398, 29 U.S.P.Q.2D (BNA) 1767, 1769 (Fed. Cir. 1994); *Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F2d 931, 935, 4 U.S.P.Q.2D (BNA) 1737, 1739 (Fed. Cir. 1987) (in banc), *cert. denied*, 485 U.S. 961, 485 U.S. 1009 (1988). Two additional principles further circumscribe the doctrine's sweep: it cannot be used to protect subject matter in, or obvious in light of, the prior art, *Wilson Sporting Goods Co. v. David Geoffrey & Assocs.*, 904 E2d 677, 684, 14 U.S.P.Q.2D (BNA) 1942, 1948 (Fed. Cir.), *cert. denied*, 498 U.S. 992, 112 L. Ed. 2d 547, 111 S. Ct. 537 (1990), nor can it be used to recapture subject matter that was relinquished during prosecution of the patent, *Hoganas AB*, 9 F.3d at 951-52, 28 U.S.P.Q.2D (BNA) at 1939.

As we noted above, the district court granted Prince's motion for summary judgment of noninfringement under the doctrine of equivalents on two grounds. First, the district court held that AAI surrendered coverage of a twooffset-distance splay pattern during prosecution of the '097 patent and was thereby estopped from asserting that the Vortex racket infringes Claim 1. Second, the district court ruled that AAI failed to shoulder its burden of citing specific record evidence sufficient to raise a triable issue as to the fact of equivalence and thus to withstand Prince's motion for summary judgment. AM appeals from both conclusions, raising close questions as to the soundness of the district court's reasoning.

While it is true that a patentee's unmistakable as sertions to the PTO in support of patentability, whether or riot they were truly required to secure allowance of the claim, will estop the patentee from obtaining protection of the subject matter surrendered thereby, *Kinzenbaw v. Deere & Co.*, 741 F2d 383, 389, 222 U.S.P.Q. (BNA) 929, 933 (Fed. Cir. 1984), *cert. denied*, 470 U.S. 1004, 84 L. Ed. 2d 379, 105 S. Ct. 1357 (1985), it is difficult to conclude, in light of the truly

equivocal nature of the claim phrase "varies between" and the conflicting evidence in the prosecution history, that AM surrendered protection of the two-offset-distance splay pattern with the clarity that prosecution history estoppel requires. It is also difficult to conclude that the judgment of noninfringement can be affirmed on the alternative ground stated by the district court. Its entry of judgment for Prince due to AAI's purported failure to cite specific evidence of record regarding the insubstantiality *vel non* of the difference between Claim 1 and the Vortex racket cannot stand unless we conclude that AAI "was on notice that [it] had to come forward with all of [its] evidence" on this precise issue. *Celotex Corp. v. Catrett*, 477 U.S. 317, 326, 91 L. Ed. 2d 265, 106S. Ct. 2548 (1986). Could AAI have reasonably thought it was only required to respond to Prince's assertions regarding prosecution history estoppel in order to withstand summary judgment on the doctrine of equivalents question? Again, this presents a close question. Given the more fundamental flaw in AAI's case, however, we need not resolve the challenges AAI presses against the two grounds relied upon by the district court.

As a corollary to the "all limitations" rule discussed above, we have held that "the concept of equivalency cannot embrace a structure that is specifically excluded from the scope of the claims." *Dolly, Inc.*, 16 F.3d at 400, 29 U.S.P.Q.2D (BNA) at 1771. Applying this formulation to the undisputed facts of the instant case, we conclude that the intermediate offset distance required by the properly construed claim *cannot* have an equivalent in a racket with only two offset distances. In other words, the two-distance splayed string system was "specifically excluded from the scope of the claims." *Id.* To hold Prince liable for infringement of Claim 1 of the '097 patent for its production and sale of the Vortex racket would thus run afoul of our holding in *Dolly, Inc.* and the "all limitations" rule from which it derives, As a result, AM is precluded as a matter of law from successfully

asserting that the Vortex racket infringes Claim I of the '097 patent under the doctrine of equivalents.

This conclusion, based on undisputed facts of record, establishes the correctness of district court's summary judgment of noninfringement under the doctrine of equivalents, thereby eliminating any need for further review of the district court's decision and rendering remand unnecessary. *See Consolidated Aluminum Corp. v. Foseco Ltd.*, 910 E2d 804, 814, 15 U.S.P.Q.2D (BNA) 1481, 1489 (Fed. Cir. 1990) ("An appellate court need not close its eyes to the record where, as in this case, there is a way clearly open to affirm the district court's action."); B*ioRad Labs., Inc. v. Nicolet Instrument Corp.*, 807 F.2d 964, 969, 1 U.S.P.Q.2D (BNA) 1191, 1195 (Fed. Cir. 1986) (noting the principle that "a court of appeals may affirm the judgment of a district court on any ground, including grounds not relied upon by the district court" itself), *cert. denied*, 482 U.S. 915, 96 L. Ed. 2d 675, 107 S. Ct. 3187 (1987).

Conclusion

Because AAI cannot lawfully prevail on its infringement allegations against Prince when the asserted patent claim is correctly construed, summary judgment for Prince was proper. Accordingly, the district court's order and the judgment of noninfringement are

Affirmed

Costs

Each party to bear its own costs.

CONCUR-

NIES, *Senior Circuit Judge*, Concurring-in-Result.

I concur in the result of the majority opinion.

I do not agree that the adoption of the narrower of two equally plausible interpretations somehow flows from the requirement of section 112 P 2 that the patentee must particularly point out and distinctly claim the subject matter which he regards as his invention. The majority analysis is illogical to rite. Narrowness can not be equated with definiteness. *Cf. In re Robins*, 57 C.C.P.A. 1321, 429 F.2d 452, 458, 166 U.S.P.Q. (BNA) 552, 556 (CCPA 1970) ("'Breadth is not indefiniteness.' *In re Gardner*, 57 C.C.P.A. 1207, 427 F.2d 786, 166 U.S.P.Q. (BNA) 138 (1970)."). The majority, in effect, eviscerates the requirement of section 112, P 2 for the patentee to particularly point out and distinctly claim his invention while purporting to rely on it.

In any event this new basis for construing a claim is unnecessary in this case. The claims must be construed to require at least three offset distances (di) based on the prosecution history, the other claims, and the prior art. Respecting the meaning of the phrases "varies continuously between" (Claim 14) and "varies between" (Claim I), AA1 concedes that "there is no question that Claim 14 requires three or more different distances of string splay," but argues that Claim 1 requires only two. Yet, it is not the word "continuously" which indicates "three or more distances" of splay in Claim 14. The word "continuously," as the majority holds, merely suggests the arrangement of the various di along the sides of the racket. Thus, it can only he the phrase "varies . . . between" which leads one to conclude that Claim 14 requires at least three distances of splay. Therefore, the word "continuously" need not be read into Claim 1 in order to construe Claim 1 as also requiring at least three distances of splay. Giving the words "varies between" the same interpretation in

Claim 1 as in Claim 14, one must conclude that at least three distances are required in both. This interpretation is buttressed by the patentees statement during prosecution that the claim that became Claim I is directed to the preferred embodiment which showed at least three di. AAI never withdrew that statement. The prosecution history is not as equivocal as the majority posits.[1]

Finally, it is not at all clear that a claim with only two di in the arrangement of the Prince racket would be patentable over the Lewis reference. *See Wilson Sporting Goods Co. v David Geoffrey & Assoc.*, 904 F2d 677, 684 (Fed. Cir. 1990). Prince uses the prior art Lewis "one di" arrangement except for the corners where a shorter di is necessary to fit into the limited space. AAI argues that the Prince racket must infringe because its performance characteristics duplicate those of the invention. By the same token, however, inasmuch as the prior art Lewis racquet would have to have those same performance characteristics, AAI's argument is unavailing.

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[1] I find no reason for an extended analysis of the doctrine of claim differentiation which is a trivial issue in this case. Claims I and 14 are of different scope by reason of the numerical limitations set forth in Claim 14.